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EDITOR, Penny Sarbin
ASSOCIATE EDITOR, Shirley B. Colton
ART DIRECTOR, Bruce Giacoppo
CONTRIBUTING EDITORS,
Ronni Sonnenberg, Ralph Walter
EDITORIAL CONSULTANT, Lee Noe
ADVERTISING DIRECTOR, Robert L. Mexon,
The Pattis Group
PRODUCTION DIRECTOR, Susan F. Gasener
CIRCULATION DIRECTOR, Richard LaMonica

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Eugene Klein, Production Director

Executive and editorial offices: Travel Market Yearbook, One Park Avenue, New York, N.Y. 10016.

Advertising office: The Pattis Group, 485 Madison Ave, New York N.Y. 10022. (212) 355-4000

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# HOW TO USE THIS BOOK

TRAVEL MARKET YEARBOOK 1982 is set up for use as a reference tool, and the *Table of Contents* should quickly familiarize you with the subject matter it contains. For the most part, the publication is designed to cover general information followed by more specific data. Numbered section titles identify the broad range of material included in the book, whereas sub-section headings indicate detailed areas of reference. Moreover, the Yearbook's editorial index is arranged according to subject and directs readers to both graphic and textual material of interest.

Because of the confusion created by interspersing explanatory text and graphic data, all textual information in the Yearbook precedes accompanying statistics. Each graph, table, and chart is numbered according to the section in which it appears. For example, all tables in the transportation section begin with the numeral 3, (3-00). When specific textual reference is made to a chart which follows, the appropriate number is cited.

Within the Yearbook's text, an attempt has been made to focus on the most important statistics contained in companion tables. However, this explanatory material also highlights information that does not lend itself to graphic representation such as recent trends and events that apply to the market segment being discussed. Furthermore, individual sections include some statistical tables to which no reference is made in the text. When necessary, definitions required to interpret statistics either follow the text or are inserted as footnotes to illustrations, and source lines accompany all tables. Additional background on sources used to compile data which has been published can be found in the Yearbook's *Appendix*.

Those who are familiar with the Yearbook will want to note several changes in the current edition. The *Accommodations* section has been divided into two parts, one devoted to domestic hotels and motels, another to international lodging facilities. The *Special Markets* section once again covers *Timesharing*, while information on leisure activities pursued by travelers is now incorporated in *Profile of the U.S. Traveler*. Also of note is this year's *Business Traveler* section which includes new material on the size and character of the meetings market based on the biennial *Meetings & Conventions* survey.

While the best effort has been made to organize the enormous volume of information available on the travel market, space has not permitted us to include everything of interest to the industry within this single publication. Subscribers are urged, therefore, to take advantage of the Finder Service offered in conjunction with TRAVEL MARKET YEARBOOK 1982. Details on how to utilize this special research feature are contained in the detachable insert enclosed with this edition.

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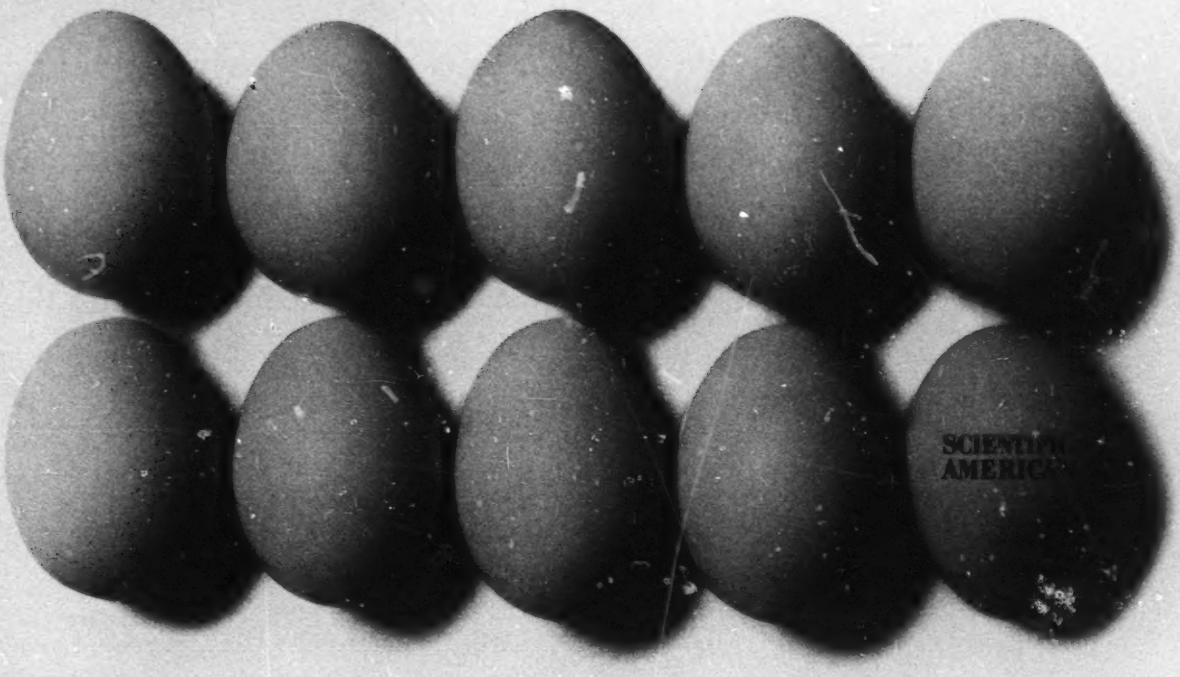

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# MESSAGE FROM THE PUBLISHER

The view held by many experts that the travel industry faces another year of great challenge, and intense competition for market share, is supported by much of the data issued in the 1982 TRAVEL MARKET YEARBOOK.

How urgent and critical it becomes in the current environment to look at travelers, to seek and find more acute insights into traveler behavior, to know where the traveler is headed, not only for 1982 but considerably beyond.

Here we are in a non-expanding market for the moment, a market under assault from inflation and economic dislocation, with a hard-core group of travelers, but still faced with real danger signs in consumers' perceptions of the value and rewards of travel.

Where do we go from here? How do we hold the market we have? How do we make it grow and thrive in these difficult times, particularly when there is less money available to advertise and promote travel?

The data we are seeing on today's traveler is sharp and clear. People are looking for value more than ever before. People increasingly want service, comfort, and the trappings of hospitality. People want information. They want to know what to expect. At the same time, they also want to bring a sense of adventure and excitement into their travel experiences.

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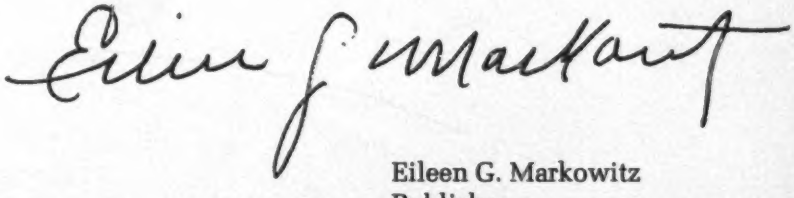
We have seen significant changes in consumer expectations regarding travel in recent years. Travel marketers must be aware of these shifting consumer needs and expectations as reflected in the current data, and respond quickly to them in their product development, marketing, and communications programs.



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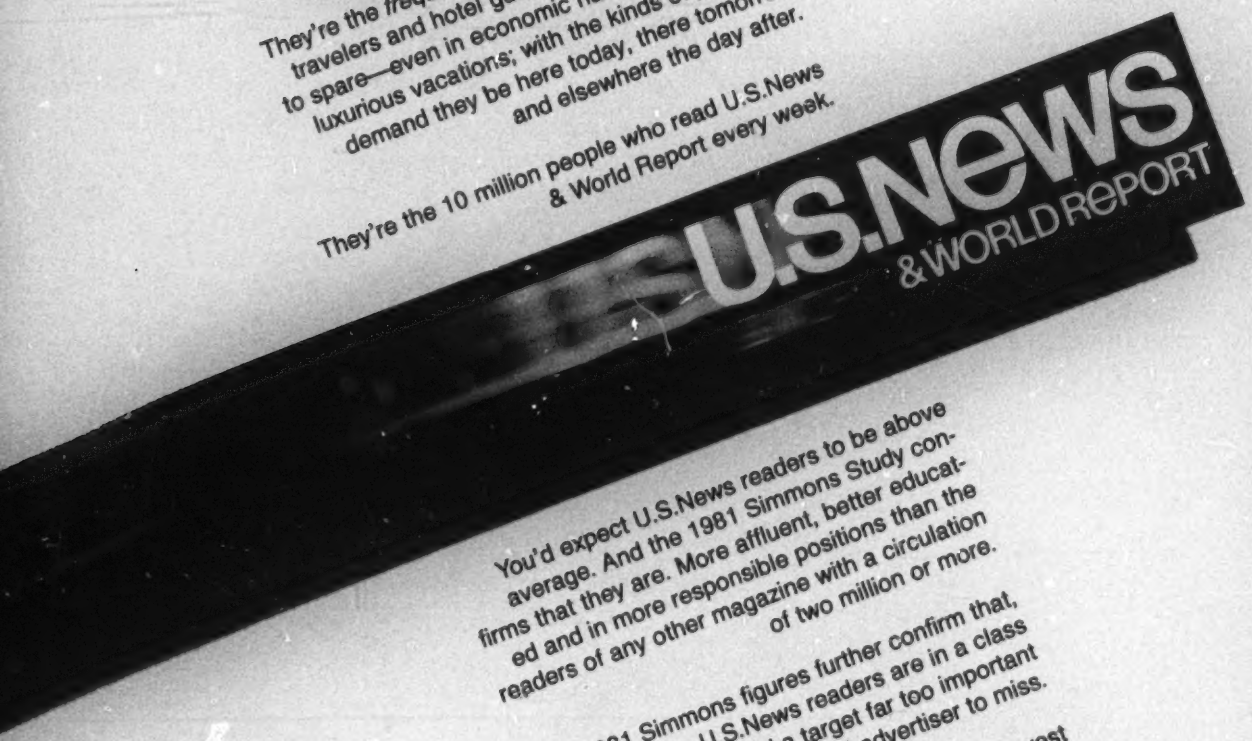


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# TRAVEL INDUSTRY OVERVIEW

**A summary of developments in 1981 and trends to follow in 1982**
**by the editors of TRAVEL MARKET YEARBOOK**

For suppliers serving the U.S. domestic and international travel markets, 1981 was basically a slow year marked by repeated adjustments to consumer spending patterns. Following a period of inflation, recession, and skyrocketing fuel prices, the opening months of the year seemed to promise recovery for various industry segments, as travelers — encouraged by the availability and price of gasoline — returned to the nation's highways and began to take better advantage of attendant travel-related services. Nonetheless, the economic climate remained a critical factor for the vast majority of consumers whose discretionary incomes could not keep pace with sustained price increases, particularly as they affected the costs of common carrier transportation and accommodations facilities. Consequently, an anticipated revival in both the domestic and outbound travel markets did not ever really develop.

The effect of the economy on consumer travel decisions had a notable impact on the volume of U.S. citizens traveling abroad in 1981, and on top of two years of decline, the market continued to dwindle. Despite optimistic forecasts based on vastly improved exchange rates at many popular international destinations, preliminary estimates point to a calendar year decrease of 2% in citizen departures to overseas countries. Moreover, in a reversal of a recent upward trend, the number of U.S. air arrivals in Mexico was flat through the third quarter of 1981, suggesting that persistent Mexican inflation was taking its toll. At the same time, lower gasoline prices, moderate land costs, and a favorable exchange rate resulted in a modest 2% surge in American visitors to Canada after seven consecutive off years. At this stage, however, suppliers serving the overseas air travel market are depending on a rebound in 1982, when substantially reduced prices are expected to finally stimulate lagging demand.

Within the overall domestic travel market, 1981 produced mixed results. On the positive side, a stable fuel situation and pent-up demand for vacation travel were reflected in a rise in the volume of travelers taking trips at least 100 miles away from home. According to statistics released by the U.S. Travel Data Center in conjunction with its *National Travel Survey*, person trips recorded during the first nine months of 1981 were approximately 15% higher than the depressed figures posted for the comparable period of 1980. However, this return to a healthier, more traditional level of travel activity was directly related to a sharp increase in personal motor vehicle usage which accounted for well over 60% of all domestic travel movements. Indications of a surge in auto-based vacation intentions appeared early in the spring, materialized during the peak summer months, and remained strong in August when survey respondents stated that they planned to use their own automobiles for 68% of trips scheduled in the succeeding six months. Furthermore, throughout the year, travelers tended to take shorter trips at destinations closer to home, as they continued to wrestle with travel price inflation and strained vacation budgets.

Hardest hit by consumer efforts to cut travel spending was the nation's airline industry which struggled unsuccessfully to regain both traffic volume and profitability lost in 1980. Despite deeper and more widespread discounting on high density routes, the major domestic carriers suffered the negative effects of a sluggish discretionary market and revenues that were insufficient to cover operating cost increases. Even before air traffic controllers walked off the job on August 3, air travel volume measured in revenue passenger miles was down 6% for the year-to-date period. Immediately following the PATCO strike, traffic dipped further to 8% below the year-earlier level, as passengers cancelled flights and the FAA cut systemwide airline service by 25%. Although operations recovered quickly, financial losses were enormous. By year's end, domestic carriers as a whole anticipated no improvement in operating profits and a 5% traffic decline for the full 12 months of 1981.

For some segments of the U.S. airline industry, 1981 was not altogether bleak. Regional and commuter carriers continued to thrive in the deregulated environment which enabled them to expand service on short and medium-haul routes frequented by full-fare, business travelers. Likewise, new entrants managed to capture impressive market shares at the expense of the big trunk lines which had difficulty matching their unrestricted bargain fares. As a result, the regionals (or "nationals") expect to register a 20% hike in traffic and a profit in excess of $100 million for the year.

Airline industry analysts have different opinions on how the domestic carriers as a group will fare in 1982. Following the PATCO strike, many observers were optimistic that forced capacity cutbacks would result in less discounting and higher yields for the major trunks. They were also concerned that FAA guidelines in effect through April 1982 might ad-

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versely impact on smaller entrants seeking new route awards and expansion of existing service. To date, however, neither of these scenarios has been played out, and it looks as if the economy — rather than the strike — will be the most critical factor affecting airline performance in the immediate future.

Assuming that the recession deepens and traffic continues to dwindle, airlines with excess capacity on popular, long-haul routes may be forced to sustain discounts. Reduced fares will also develop in response to new entrants' competitive tariffs in selected markets. Thus, while some travelers may benefit in the short term, their gains are likely to be at the expense of others who will pay still higher fares on less-frequented routes. At the same time, the current stability of fuel prices and labor costs, when combined with any significant upturn in traffic, could mean moderating fares for consumers and improved revenues for the carriers.

Other transportation segments of the domestic travel market had varying degrees of success during 1981. Amtrak's preliminary figures for the fiscal year ending September 30 pointed to a marginal 1% decline in passengers. A 6% increase in traffic measured in passenger miles, however, suggested that rail travelers were taking longer trips, and indeed, an analysis of passenger volume by routes revealed stepped-up usage of long-distance lines. Simultaneously, traffic was down on high-density Northeast Corridor routes, largely because of stiff competition from new discount airline fares offered between Boston, New York, and Washington, D.C.

A highly significant development within the rail sector during fiscal 1981 was a 32% rise in tickets sold in conjunction with tour packages. Clearly, the biggest advances were in sales of short or weekend-type tours — an area in which Amtrak intends to expand rapidly throughout 1982. While packages still generate a relatively small portion of Amtrak's revenues, they are considered to be a very promising growth component, and current marketing efforts based on closer links with travel agents are expected to result in substantially more rail usage among pleasure travelers.

Although preliminary statistics for the nation's bus industry indicate a modest 1.6% hike in passenger volume during 1981, the improvement was attributable solely to the fast-growing charter and tour sector which represented an estimated 52% of the overall passenger market. These results, coupled with those released by Amtrak, suggest that while consumers still relied most heavily on the automobile for intercity transportation in 1981, they demonstrated an increased awareness of the advantages of prepaid, package tours designed for leisure travelers. Thus, most bus industry analysts feel that charter and motorcoach programs offer the greatest opportunities for growth and development within the discretionary travel market. Expansion in this area is expected to continue at a rapid pace in 1982, as are efforts to negotiate more innovative intermodal agreements between the major bus lines and air, rail, and cruise companies.

Sluggish demand characterized the car rental market in 1981, as a moderate decline in business rentals and a steeper drop in leisure transactions followed the downward path of the economy and air travel volume. While price reductions instituted by the major rental firms stimulated some activity during the summer, this too subsided when the PATCO strike cut further into airline traffic. Consequently, calendar year results are expected to show flat rental volume and only modest revenue gains. As for 1982, marketers are paying closer attention to schemes which will attract more discretionary rentals. Although some 80% of car rental business is generated by domestic business travelers, there has been a trend toward rentals among pleasure travelers whose aging personal vehicles do not provide the most reliable means of vacation transportation. Therefore, it is generally agreed that the leisure market has the most growth potential and that expansion of this segment would not only enlarge the entire market base but provide much-needed business for off-airport and downtown locations.

A brighter spot in the 1981 domestic transportation picture was the cruise industry which, despite a marked slowdown in growth, managed to attract an estimated 1.4 million passengers or 5% more than in 1980. The unfavorable economic climate along with sharp increases in capacity produced some dampening effects, however, as occupancy was down substantially from the average 90% demonstrated in recent years and late booking patterns became more common. While these developments caused some concern within the industry, they benefited consumers who were able to take advantage of ample space, a wider range of accommodations and itineraries, and many more price-incentive packages.

In view of the current recession and additional plans to increase ship capacity in the immediate future, cruise marketers expect that heavy competition among individual lines will continue into 1982. For the long term, most industry experts feel that the solution for filling excess space lies in developing a broader market base. The key to this expansion, according to many cruise firms, is additional travel agent involvement, and steps are already under way to better inform retailers about what cruises have to offer and what financial rewards can be gained by selling cruises which typically generate strong repeat business.

Excess capacity and the soft economy also posed some problems for the accommodations sector of the domestic travel industry in 1981, as average occupancy levels dropped by about two percentage points on a nationwide basis. However, by historical standards, domestic hotels and motels performed well and managed to post a projected 8% revenue gain by passing cost increases onto consumers via room rate hikes of approximately 10 to 12%. 1981 also saw an increasingly segmented market. While luxury facilities continued to prosper, there was a strong demand for economy lodging and a greater tendency for automobile vacation travelers to stay with friends and relatives.

Whether the hotel industry will maintain profitability during 1982 depends primarily on how the recession affects demand. At this point, analysts foresee a slump in both leisure and business travel clientele through the first half of the year. They also feel that the industry may have pushed most consum-

ers to the limit as far as room rates go — a factor which could have a detrimental effect on financial results if operating costs continue to rise.

Concern that the mass market may have reached its saturation point in terms of price was echoed throughout all segments of the domestic travel industry in 1981. Especially critical to suppliers in the airline, hotel, and car rental sectors was the stability of the non-discretionary market which has historically provided a solid base during difficult economic periods. In general, business travel held up quite well compared to its pleasure counterpart. Although cost-cutting adjustments were made with respect to length of trip, class of airline service flown, and type of lodging facilities booked, individual business travelers were still very much on the move. The meetings and convention market also remained healthy, as a decline in non-convention association meetings was more than offset by an increase in corporate gatherings and a stable convention business.

Nonetheless, there are clear signs that the non-discretionary market is actively seeking ways to stem ever-increasing travel costs. In particular, a burgeoning interest in teleconferencing among large corporations could have a negative impact on business travel volume in the years ahead. With this in mind, domestic suppliers have accelerated efforts to sustain business travel at current levels through a variety of innovative promotional schemes. But perhaps more importantly, they are now taking a closer look at the pleasure travel sector in terms of real growth potential. The development of price-incentive package programs within the bus, rail, car rental, and cruise sectors represent several cases in point, as do recent moves by a number of major airlines to create no-frills, single fare structures similar to those offered by new carrier entrants.

In addition, industry suppliers are keeping a careful watch on the public's increasing use of travel agents. Since 1978, when airline deregulation sparked notable expansion within the mass market for travel, consumers have relied on retailers more often, seeking their guidance in the selection of the best available travel values. Thus, while many segments of the industry turned in disappointing results for 1981, travel agents posted record sales, with gross revenues approaching an estimated $30 billion. Airline sales through agents were expected to reach nearly $20 billion, as retailers captured an approximately 65% share of that market. Moreover, agents garnered a larger portion of the commercial travel segment, establishing inhouse locations at corporate sites and expanding their own capabilities through automated reservations systems. The upshot of these developments was to heighten awareness on both consumer and supplier sides of the travel agency distribution network, a trend which is expected to gather momentum in the coming year.

Another closely watched area in 1981 was the market for foreign travel within the United States. Following a pivotal year, when the inbound visitor count exceeded the number of Americans traveling abroad, 1981 was characterized by a slower but still healthy growth rate for foreign tourists. In fact, preliminary Commerce Department estimates on overseas arrivals — which suggest a 6% rise for the calendar year — are more optimistic than earlier forecasts, since a substantial decline in the value of certain foreign currencies against the dollar did not seem to deter travelers to the degree anticipated. Moreover, favorable exchange and moderate inflation rates stimulated even greater numbers of Mexican arrivals to the U.S., with the total expected to be up 19% over 1980, an increase which should more than balance a projected 3% decline in Canadian visitors.

The emergence of the U.S. as an international host country was more fully recognized by both public and private sectors of the travel industry in 1981. Lodging facilities catering to the foreign market expanded special services, while transportation segments developed a wider variety of promotional fares and intermodal travel schemes. But most important for the industry as a whole was the upgrading of the U.S. Travel Service to the U.S. Travel and Tourism Administration, an event which marked the end of an eight-year campaign by the trade for a more influential government tourism office. Although the new Commerce Department entity is clearly a modified version of what the industry wanted, its creation was greeted as a positive step and a sign that tourism has finally been given official recognition for playing a critical role in the U.S. economy.

In summary, then, what lies ahead for the travel industry in 1982? Based on recent developments, the short-term outlook is not favorable, and any significant upturn is likely to depend on consumer response to the widening recession. In fact, many financial experts believe that the consumer confidence factor alone will ultimately determine the length and severity of the current economic slump. For travel marketers, this probably means another difficult and challenging year in which consumer travel patterns hinge more on value and price than on destination. The state of the economy also demands that further marketing efforts be made to sustain non-discretionary travel volume at traditional levels, broaden the leisure base through package programs, design schemes to attract more foreign visitors, and develop closer working relationships with travel agents who influence both business and pleasure travel decisions.

Despite current difficulties and a cloudy immediate future, there are some bright spots. First and foremost, the market is still in a position to benefit from the emergence of the same travel-conscious public which stimulated demand so dramatically in the mid-1970s. There is little doubt that the population as a whole remains committed to the values inherent in a leisure-based lifestyle and that vacation travel is a top priority for discretionary spending. In addition, present demographic circumstances continue to promise improved potential for consumer disposable income levels during the upcoming years. Finally, recent history has shown that while the travel market is certainly vulnerable to energy problems, political disturbances, and economic uncertainty, it is also capable of bouncing back. Exactly when the industry will rebound from this latest setback may be a subject for speculation, but the direction and extent of its recovery now depends more than ever on the ability of marketers to assess accurately the needs of today's travelers.

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# THE TRAVEL MARKET

## WORLD MARKET

Since 1974, when a global energy crisis caused worldwide tourism movements to drop by 6%, the market has not only recovered but surpassed forecasters' modest expectations. Although early projections had suggested little or no growth in international arrivals for calendar year 1980, the World Tourism Organization (WTO) estimates that there was, in fact, a 6% increase over 1979 or 285 million tourists who comprised the international travel market.* Likewise, global tourist receipts (unadjusted for inflation) rose 17% to hit a record $92.5 billion, well above the original WTO projection. (1-01,1-02). In real terms, receipts were up 3% to 4% for the year, a pace which exceeded a corresponding 2.3% hike in the world's gross domestic product.

These statistics lead industry analysts to believe that while the international travel market remains vulnerable to energy problems — as well as to political and economic developments — it is flexible enough to withstand such pressures. According to WTO material, the market was able to sustain strength throughout 1980 by continuing to restructure international tourist flows, favoring intraregional, short and medium-haul travel at the expense of interregional, long-haul movements. Thus, despite double-digit inflation, climbing unemployment rates, and static levels of disposable income in many of the important generating countries, consumers responded by altering traditional vacation patterns rather than by foregoing travel activity entirely. In addition, there was a growing tendency toward domestic vacation travel, especially among lower income groups.

### International Arrivals by Region

Accounting for 73% of international tourist arrivals in 1980, European nations hosted 208 million visitors, a 6% increase over 1979. (1-04,1-06) Europe benefited considerably from the intraregional character of the market, as the relatively short distances between international boundaries encouraged automobile travel by consumers on limited budgets. Moreover, promotional efforts and government policies designed to hold the line on prices had positive impacts, as did exchange rates which showed improvement over 1979.

Data posted by the primary European receiving countries indicates that 1980 international tourist activity was spotty, with growth rates varying to a marked degree from one destination to another. Portugal (up 20%) and Switzerland (up 17%) had excellent results, while more moderate growth was evidenced in Austria (up 8%), France (up 5%), and Germany (up 3%). The United Kingdom (down 1%), Spain (down 2%), and Yugoslavia (down 8%) continued to report declines, although the drops were not as steep as those registered in 1979. On the other hand, Greece experienced a reversal of trends between 1979 and 1980, documenting an 8% fall-off in international tourist arrivals, much of which was attributable to a 52% plunge in U.S.-originating visitors. (1-13)

Destinations in the Americas recorded a combined international tourist count of 52.5 million during 1980. This represented a 5% advance against the 1979 total, although the region's overall market share exhibited further erosion and was responsible for slightly more than 18% of worldwide travel activity — down from 22.5% in 1970. (1-04,1-06) Like Europe, North America witnessed a boost in intraregional tourism in 1980, particularly with respect to flows between the United States and Mexico and those from Canada to the U.S. However, contrary to general trends, the United States strengthened its position as an interregional host nation, albeit at a slower pace than during the 1976-1979 period.**

Since 1970, receiving countries located in East Asia and the Pacific have increased their composite share of the international tourism market from 2.8% to 5.3%. (1-06) In 1980, the region boasted 15 million international arrivals, close to 9% more than were welcomed in 1979. The area traces much of its success

*WTO preliminary estimates put the number of worldwide domestic tourist arrivals for 1980 at 1,350 million. However, many market researchers believe that this figure is substantially underestimated due to wide variations in the methodology used by individual tourist units of WTO member countries. The focus here, therefore, is on international arrivals only. With this in mind, it is worth noting that the WTO attributes 70% of all international tourist movements to holiday travel.*

**Travel flows between the U.S. and Canada/Mexico are covered in detail in the following sections on U.S. Travel Abroad and Foreign Travel to the U.S.

to strong government promotions of tourism facilities, a rebound in intraregional travel, and China's emergence as a popular international destination. Among the countries which demonstrated notable growth rates in arrivals for 1980 were Sri Lanka (up 29%), Japan (up 18%), Thailand (up 17%), Indonesia (up 14%), Australia (up 14%), and New Zealand (up 8%). (1-13)

Of all the world regions, Africa registered the highest increase in international visitors during 1980, a 9% hike which pushed the number of arrivals to 5.8 million. (1-04) On the opposite end of the growth scale, both the Middle East (down 17%) and South Asia (down 25%) continued to suffer the negative effects of political instability in 1980. South Asia's difficulties seemed to stem almost completely from the situations in Iran and Afghanistan, as the WTO estimates that other nations in the region posted a 7% rise in combined international visitors. The Mideast, however, has been on a bumpy track since 1974, and any improvement in the immediate future hinges on the political climate in addition to the development of the area's tourism potential.

## International Tourist Receipts

Over the last 10 years, receipts for international travel (excluding transportation payments) have grown at a pace far exceeding that of international tourist arrivals. (1-02) The effects of higher oil prices and worldwide inflation on the financial results of the major receiving countries was demonstrated in 1974 — when international receipts climbed by 24% compared to a 6% decline in arrivals — and again, to a lesser degree, in 1979 when receipts rose 21% against a more modest 4% hike in arrivals. (1-01) Although visitor totals increased 6% between 1979 and 1980, a corresponding 17% jump in expenditures indicates that inflation played a critical role in the volume of travel payments made during the year.

Data released by the Organization for Economic Co-operation and Development (OECD) — whose members accounted for well over 75% of all tourism receipts in 1980 — shows the extent to which outside economic factors have influenced travel payments in recent years. During the 1979-80 period, real receipts in the European OECD nations remained flat, while those in OECD countries as a whole edged up 2%, primarily because of significant improvements posted by the United States, Australia, New Zealand, and Japan. (1-11) Furthermore, since 1978, the share of international tourist receipts in OECD members' exports dropped from 4.6% to 4.3%, as did the corresponding share of expenditures in imports — from 4.9% to 4.3%. (1-12) This suggests that international travelers, in general, are responding to inflation by taking cost-cutting measures whenever possible. The OECD has observed that member countries with inflation rates of over 13% — i.e., Italy, Britain, and Spain — experienced decreases in the volume of tourist receipts in 1980, whereas those with lower rates of inflation, such as Switzerland and Austria, registered marked increases.

A breakdown of 1980 international tourist receipts by world regions (as defined by the WTO) indicates that Europe accounted for the major share — 69%, up from 63% in 1970. (1-06) Measured in U.S. dollars, European countries were paid $64 billion for travel-related goods and services, an 18.5% rise over 1979. (1-05) Although the proportion of international travel payments benefiting nations in the Americas receded from 27% to 20% during the last decade, the region reported 1980 receipts of $18.5 billion or 16% more than in 1979. (1-05,1-06)

Improved travel volume boosted international tourism payments to destinations in East Asia and the Pacific by 20% between 1979 and 1980 (from $5 billion to $6 billion), the best growth rate for any area over the period. Africa also witnessed sustained growth, in economic terms, posting receipts of $2 billion (up 11%) in 1980. Still responsible for the smallest share of dollars spent for international tourism, South Asia reported the most severe decline in receipts during 1980 — a 38% dive from $800 million to $500 million. At the same time, the Middle East — which registered a notable drop in 1980 arrivals — actually increased its travel receipts by 7% over 1979. This may be attributable to the relatively high daily expenditures made by visitors to the region. (1-05,1-06)

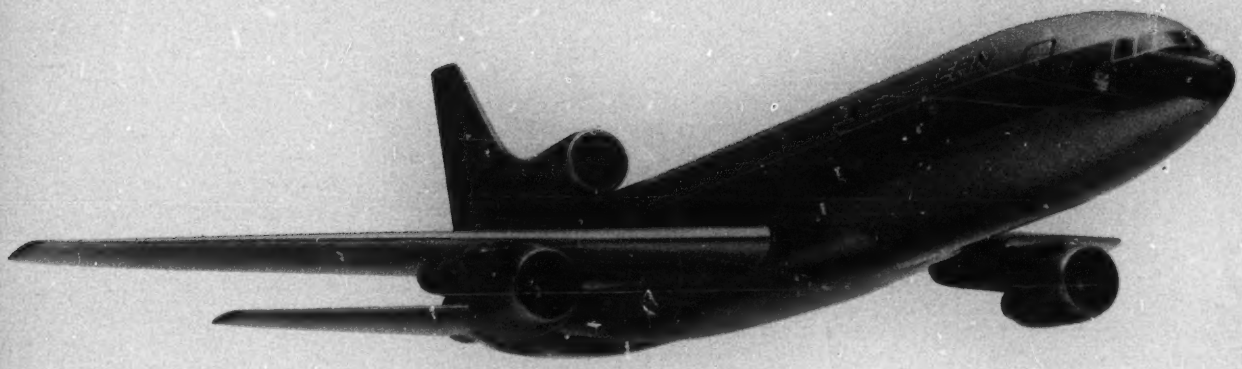
## Caribbean Tourist Activity

A look at tourist activity in the Caribbean over the last decade amply illustrates the impact of economic factors on the destination choices of international travelers. According to data gathered by the Caribbean Tourism Research and Development Centre (CTRC) in its *North American Tourism Demand Study*, Caribbean destinations hosted nearly 4 million visitors in 1970, a figure which rose by 88% to 7.5 million in 1980.* (1-09)

Throughout the period, arrivals from the United States and Canada — the region's major sources of international tourists — increased at an average annual rate of 5.6%. Nonetheless, between 1970 and 1978, the proportion of North American visitors actually declined from 76% to 65%. This shift in market share reflected a growing interest in the region among Europeans whose significantly improved levels of disposable income made interregional travel more financially viable, particularly during the 1976-1978 span. Since the peak year of 1978, however, this trend has reversed. In 1980, the North American share of the Caribbean market was back up to 69%, as the economic climate in Europe turned less favorable and the

*The North American Tourism Demand Study was produced in 1981 by CTRC in conjunction with Travel and Tourism Consultants International. The report, which defines North America as the United States and Canada, is based on stayover visitor statistics compiled by the tourism offices of 28 individual countries. Please note that for the purposes of the study, the Caribbean excludes Bermuda but includes the Bahamas, Puerto Rico, the U.S. Virgin Islands, and the mainland destinations of Belize, Costa Rica, and Venezuela. In addition, the report divides the Caribbean into four categories which are differentiated as to island or mainland destination and by the volume of stayover visitors. These groups are listed in table 1-10. Further information on the CTRC study is contained in the Bibliography of this edition.*

# EASTERN'S GOT US WHERE THEY WANT US.



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North American segment of arrivals became more obvious.

Caribbean stayover visitors from all points of origin were only marginally above prior year totals in 1980. While the "leading islands" — representing a 63% market share — lost 2% of their visitor volume, the reduction was offset by growth rates of 3% for "emerging islands," 5% for "other islands," and 4.5% for "Caribbean mainland" destinations. (1-10) As for North American stayover visitors, their numbers increased by almost 5% between 1979 and 1980, the result of a 6% advance in U.S. arrivals coupled with a 3% drop in Canadians. In both 1979 and 1980, six Caribbean destinations welcomed over 75% of all North American tourists — Puerto Rico, the Bahamas, the U.S. Virgin Islands, Venezuela, Jamaica, and the Dominican Republic. (1-08)

## U.S. International Tourist Share

While the Caribbean hosted fewer visitors from outside North America in 1980, the United States continued to improve its position as an international receiving country. A record 22.5 million foreign arrivals and $12.1 billion in receipts were responsible for a notable advance in the U.S. share of the international travel market. Travelers to the U.S. in 1980 represented 7.9% of all global arrivals — up from 7.5% in 1979 — and receipts accounted for 13.1% of the worldwide total, compared to 12.7% during the previous year. (1-07) Moreover, the number of foreign visitors and their expenditures in the U.S. grew at a faster pace than did all international travelers and travel payments. Arrivals were up 11% for the year — versus a 6% global improvement — whereas receipts increased by 21% against a 17% rise in worldwide expenditures. (1-03)

On the other hand, American travel abroad and payments made by U.S. citizens to foreign countries fell far short of comparable global activity. The 22.4 million U.S. international travelers in 1980 were 2% fewer than those counted in 1979, and although travel receipts generated by Americans rose 11% for the year, the boost remained well under the worldwide 17% growth rate. (1-03) Thus, when U.S. international travel flows and payments are taken as a composite, they demonstrate a further deterioration in terms of market share and point to the continuation of a slow but steady downward trend evidenced since 1975. Between 1979 and 1980 alone, combined U.S. international arrivals and departures dropped from 16% to 15.8% of all global travel movements, while the sum of U.S. international receipts and expenditures fell from 28.6% to 28.2% of worldwide payments. (See the following sections on *U.S. Travel Abroad* and *Foreign Travel to the U.S.* for detailed information on U.S. international travel in 1980 and 1981.)

## Future Trends

Statistics compiled by the WTO and the OECD for the opening months of 1981 suggest that the international travel market continues to experience considerable structural changes and that any reduction in tourist activity in one destination is likely to be offset by an improvement in another. For example, early data reported by European countries shows year-over-year declines in visitors to Austria, Spain, and the United Kingdom but advances in arrivals to Greece, Portugal, and Switzerland. Similar results have emerged from individual destinations within the East Asia/Pacific and the Americas regions. For the most part, however, a slower overall growth rate characterized the first months of 1981, as many of the major tourist-generating nations suffered the ill effects of inflation, recession, and uneven exchange rates.

While it is generally recognized that initial results do not provide an appropriate basis for forecasting calendar year trends, most industry analysts agree that current economic conditions do not favor a rapid increase in international travelers during 1981 or the first part of 1982. Furthermore, travel patterns exhibited in 1979 and 1980 indicate that stagflation, social and political disturbances, variations in currency values, and uncertainty about energy supplies are more than capable of offsetting the positive effects of lower rate structures for transportation, better accomodations facilities, stepped-up promotional efforts, and even the growing tendency among consumers to view the travel experience as a right rather than a privilege. Certainly, there are clear signs that middle-income groups are being shut out of the long-distance air travel market, while lower-income segments are turning to short-haul, domestic travel.

In light of these developments, the WTO has reminded its member nations that future tourism programs will depend more than ever on the availability of travel research which takes into account the economic and social variables affecting the vast consumer travel market: "Travel and holidays are no longer regarded simply as forms of amusement to fill up leisure time. They are considered as a means of physical, moral, and intellectual fulfillment, while at the same time being closely scrutinized as to quality and price. More and more, travel is being equated with leisure. It follows that the development of tourism cannot be left to the blind forces of the market, but requires stricter management and greater responsibility on the part of the State in order to adapt it better to change through measures enabling ever more people to take vacations."

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## Notes to World Tourism Statistics

The following notes appiy to statistical tables supplied by the World Tourism Organization:

VF — International visitor arrivals at frontiers (tourists and excursionists).

TF — International tourist arrivals at frontiers (not including excursionists).

TH — International tourist arrivals at hotels and similar establishments (hotels, motels, boarding houses and inns).

TA — International tourist arrivals at all accommodation establishments (hotels and similar establishments plus supplementary accommodation facilities).

NH — International tourist nights at hotels and similar establishments.

NA — International tourist nights at all accommodation establishments.

1-01

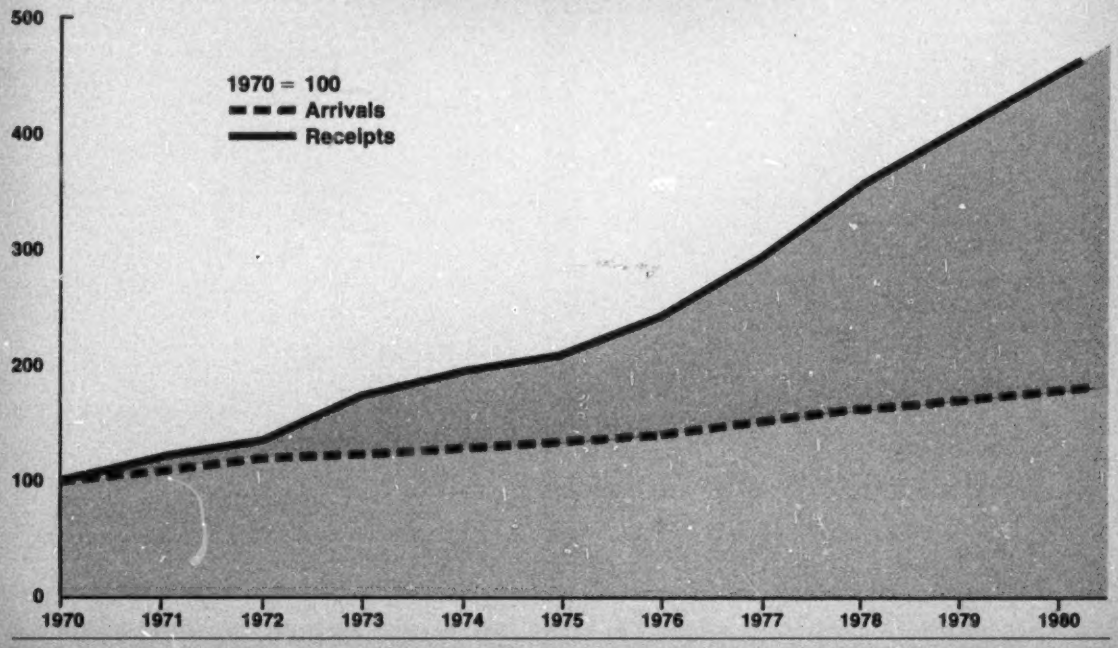
## WORLD TRAVEL MARKET 1960-1980
## INTERNATIONAL ARRIVALS AND EXPENDITURES

| | Tourist Arrivals (Millions) | % Change | Tourist Receipts ($ Billions) | % Change |
|---|---|---|---|---|
| 1960 | 71.2 | | $ 6.8 | |
| 1961 | 75.3 | 5.5 | 7.3 | 7.4 |
| 1962 | 81.4 | 8.1 | 7.8 | 6.8 |
| 1963 | 93.0 | 14.3 | 8.3 | 6.4 |
| 1964 | 108.0 | 16.1 | 9.6 | 15.7 |
| 1965 | 115.0 | 6.6 | 11.0 | 14.6 |
| 1966 | 130.8 | 13.2 | 12.5 | 13.6 |
| 1967 | 139.5 | 6.7 | 13.4 | 7.2 |
| 1968 | 139.7 | 0.1 | 13.8 | 3.0 |
| 1969 | 154.1 | 10.3 | 15.4 | 11.6 |
| 1970 | 168.4 | 9.3 | 17.9 | 16.2 |
| 1971 | 181.5 | 7.8 | 20.9 | 16.8 |
| 1972 | 198.0 | 9.1 | 24.2 | 15.8 |
| 1973 | 215.0 | 8.6 | 27.6 | 14.0 |
| 1974 | 201.4 | -6.3 | 34.1 | 23.6 |
| 1975 | 206.9 | 2.7 | 38.6 | 23.2 |
| 1976 | 227.0 | 9.7 | 43.7 | 13.2 |
| 1977 | 243.6 | 7.3 | 52.4 | 19.9 |
| 1978 | 259.2 | 6.4 | 65.1 | 24.2 |
| 1979* | 270.0 | 4.2 | 79.0 | 21.4 |
| 1980* | 285.0 | 5.6 | 92.5 | 17.1 |

*1979 figures are revised estimates. 1980 figures are preliminary estimates.*
*Source: World Tourism Organization*

1-02

## GROWTH OF INTERNATIONAL TOURISM
## ARRIVALS AND RECEIPTS 1970-1980




*Source: World Tourism Organization*

1-03

## PROFILE OF WORLD TOURISM

| World Tourism | Person Trips (000) | % Change | Expenditures | % Change |
|---|---|---|---|---|
| 1975 | 207.0 | +2.7 | $38.6 billion | +23.2 |
| 1976 | 227.0 | +9.7 | $43.7 billion | +13.2 |
| 1977 | 244.0 | +7.3 | $52.4 billion | +20.2 |
| 1978 | 259.0 | +6.1 | $65.0 billion | +24.0 |
| 1979 | 270.0 | +4.2 | $79.0 billion | +21.4 |
| 1980 | 285.0 | +5.6 | $92.5 billion | +17.1 |
| **U.S. Travel Abroad** | **Person Trips (000)** | **% Change** | **Expenditures*** | **% Change** |
| 1975 | 22,864 | −3.0 | $ 8.7 billion | +7.5 |
| 1976 | 21,886 | −4.3 | $ 9.4 billion | +8.3 |
| 1977 | 22,227 | +1.6 | $10.2 billion | +8.5 |
| 1978 | 23,076 | +3.8 | $11.4 billion | +11.8 |
| 1979 | 22,980 | −0.4 | $12.6 billion | +10.5 |
| 1980 | 22,435 | −2.4 | $14.0 billion | +11.2 |
| **Foreign Travel to U.S.** | **Person Trips (000)** | **% Change** | **Expenditures** | **% Change** |
| 1975 | 15,698 | +11.2 | $ 5.6 billion | +15.7 |
| 1976 | 17,523 | +11.6 | $ 6.7 billion | +20.3 |
| 1977 | 18,610 | +6.2 | $ 7.2 billion | +6.6 |
| 1978 | 19,842 | +6.6 | $ 8.4 billion | +16.7 |
| 1979 | 20,310 | +2.4 | $10.0 billion | +19.0 |
| 1980 | 22,500 | +10.8 | $12.1 billion | +21.3 |

## U.S./FOREIGN COMPOSITE VS. WORLD TOURISM

| | Person Trips (000) World Tourism | Person Trips (000) U.S./Foreign | Percent |
|---|---|---|---|
| 1975 | 207.0 | 38,562 | 18.6 |
| 1976 | 227.0 | 39,409 | 17.4 |
| 1977 | 244.0 | 40,837 | 16.7 |
| 1978 | 259.0 | 42,918 | 16.6 |
| 1979 | 270.0 | 43,290 | 16.0 |
| 1980 | 285.0 | 44,935 | 15.8 |
| | **Expenditures World Tourism** | **Expenditures U.S./Foreign** | **Percent** |
| 1975 | $38.6 billion | $14.3 billion | 37.0 |
| 1976 | $43.7 billion | $16.1 billion | 36.8 |
| 1977 | $52.4 billion | $17.4 billion | 33.2 |
| 1978 | $65.0 billion | $19.8 billion | 30.5 |
| 1979 | $79.0 billion | $22.6 billion | 28.6 |
| 1980 | $92.5 billion | $26.1 billion | 28.2 |

*Note–1979 figures for world tourism and foreign arrivals in U.S. are revised estimates. 1980 figures are preliminary estimates.*
**Excludes payments to U.S. carriers for foreign travel by U.S. citizens.*
*Source: World Tourism Organization; U.S. Department of Commerce, U.S. Travel Service and Bureau of Economic Analysis; Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service*

1-04

## WORLD INTERNATIONAL TOURIST ARRIVALS*
(Millions)

| | 1979 | 1980 | % Change |
|---|---|---|---|
| Africa | 5.3 | 5.8 | +9.4 |
| Americas | 50.0 | 52.5 | +5.0 |
| Asia and the Pacific | 13.5 | 15.0 | +8.7 |
| Europe | 193.0 | 208.0 | +6.1 |
| Middle East | 3.6 | 3.0 | −16.7 |
| South Asia** | 2.0 | 1.5 | −25.0 |
| Global Total | 270.0 | 285.0 | +5.6 |

**1979 figures are revised estimates. 1980 figures are preliminary estimates.*
***Including Iran. With Iran excluded, region would show gain of approximately 7% in arrivals.*
*Source: World Tourism Organization*

1-05

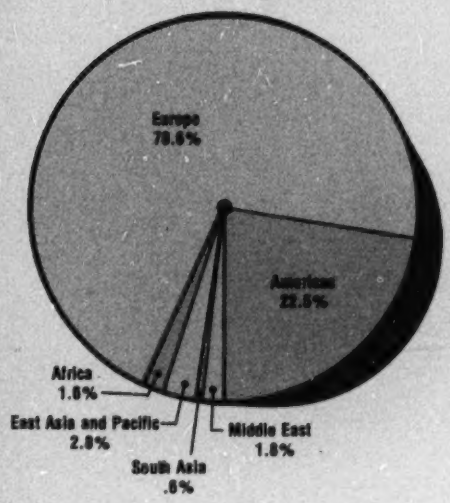
## WORLD INTERNATIONAL TOURIST RECEIPTS*
(In Billions of U.S. dollars)

| | 1979 | 1980 | % Change |
|---|---|---|---|
| Africa | 1.8 | 2.0 | +11.1 |
| Americas | 16.0 | 18.5 | +15.6 |
| Asia and the Pacific | 5.0 | 6.0 | +20.0 |
| Europe | 54.0 | 64.0 | +18.5 |
| Middle East | 1.4 | 1.5 | +7.1 |
| South Asia** | 0.8 | 0.5 | −37.5 |
| Global Total | 79.0 | 92.5 | +17.1 |

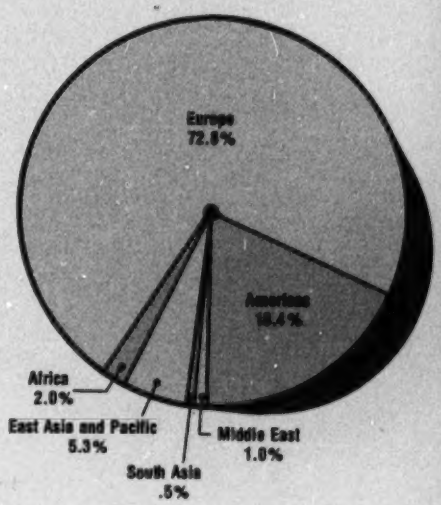
**Excluding international fare payments. 1979 figures are revised estimates. 1980 figures are preliminary estimates.*
***Including Iran. With Iran excluded, region would show gain of approximately 10-15% in receipts.*
*Source: World Tourism Organization*

# DISTRIBUTION OF WORLD INTERNATIONAL TOURISM ARRIVALS AND RECEIPTS 1970 VS. 1980

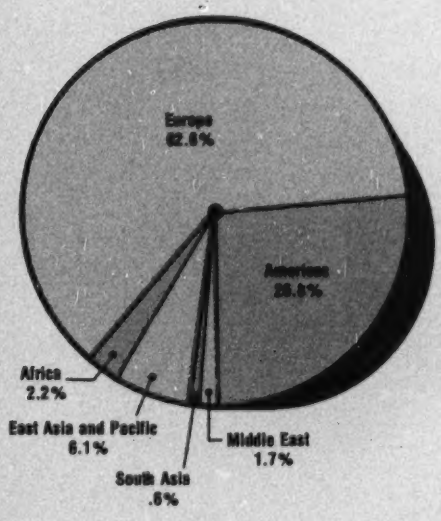
## 1970 Arrivals



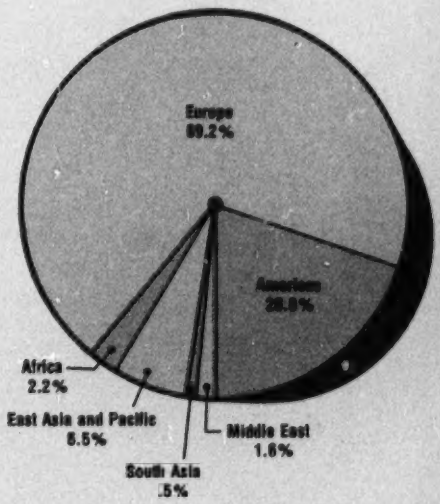

## 1980 Arrivals




## 1970 Receipts




## 1980 Receipts




*Source: World Tourism Organization*

## U.S. SHARE OF TOTAL INTERNATIONAL TRAVEL MARKET 1964-1980

| | Total International Travel | | International Travel to the United States | | U.S. Share of International Travel | |
|---|---|---|---|---|---|---|
| Year | International Tourist Arrivals (in Millions) | International Total Receipts* (in Billions) | Arrivals in the U.S. (in Millions) | U.S. Travel Receipts (in Millions) | Share of Total Arrivals | Share of Total Dollars |
| 1964 | 109.0 | $ 9.6 | 6.6 | $1,357 | 6.1% | 13.6% |
| 1968 | 139.7 | 13.8 | 10.8 | 2,035 | 7.8 | 14.5 |
| 1970 | 165.4 | 17.9 | 13.1 | 2,708 | 7.8 | 15.1 |
| 1972 | 196.0 | 24.2 | 13.1 | 3,311 | 6.6 | 13.7 |
| 1973 | 215.0 | 27.6 | 14.0 | 4,130 | 6.5 | 15.0 |
| 1974 | 201.4 | 34.1 | 14.1 | 4,845 | 7.0 | 14.2 |
| 1975 | 206.9 | 38.6 | 15.7 | 5,464 | 7.6 | 14.2 |
| 1976 | 227.0 | 43.7 | 17.5 | 6,679 | 7.7 | 15.3 |
| 1977 | 243.6 | 52.4 | 18.6 | 7,175 | 7.6 | 13.7 |
| 1978 | 259.2 | 65.0 | 19.8 | 8,424 | 7.6 | 12.9 |
| 1979 | 270.0 | 79.0 | 20.3 | 10,012 | 7.5 | 12.7 |
| 1980 | 285.0 | 92.5 | 22.5 | 12,143 | 7.9 | 13.1 |

*Note–1979 figures for world tourism and foreign arrivals in U.S. are revised estimates. 1980 figures are preliminary.*
**International receipts should include fare payments, but sometimes do not. U.S. receipts include transport account.*
*Source: World Tourism Organization; U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Travel Service*



## RANKING OF CARIBBEAN DESTINATIONS BY NORTH AMERICAN STAYOVER VISITORS 1979 AND 1980*

| | 1979 | | | | 1980 | | | |
|---|---|---|---|---|---|---|---|---|
| Country | North American Visitors | % of Total Country Visitors | % Share of Total North American Visitors | Cumulative % North American Visitors | North American Visitors | % of Total Country Visitors | % Share of Total North American Visitors | Cumulative % North American Visitors |
| Puerto Rico | 1,259,819 | 73.5 | 25.5 | 25.5 | 1,582,985 | 93.2 | 30.6 | 30.6 |
| Bahamas | 986,300 | 67.3 | 20.0 | 45.5 | 1,013,810 | 85.8 | 19.6 | 50.2 |
| U.S. Virgin Is. | 550,143 | 91.5 | 11.1 | 56.6 | 455,882e | 91.5 | 8.8 | 59.0 |
| Venezuela | 396,400e | 49.8 | 8.1 | 64.7 | 410,855e | 49.8 | 7.9 | 66.9 |
| Jamaica | 353,954 | 83.0 | 7.2 | 71.9 | 310,373 | 78.5 | 6.0 | 72.9 |
| Dominican Republic | 208,881 | 72.9 | 4.2 | 76.1 | 218,053 | 72.4 | 4.2 | 77.1 |
| St. Maarten | 199,010e | 90.0 | 4.0 | 80.1 | 199,390e | 90.0 | 3.9 | 81.0 |
| Barbados | 184,099 | 49.6 | 3.7 | 83.8 | 170,905 | 46.2 | 3.3 | 84.3 |
| Aruba | 125,188 | 67.6 | 2.5 | 86.3 | 116,320 | 61.6 | 2.2 | 86.5 |
| Cayman Is. | 83,195 | 82.7 | 1.7 | 88.0 | 97,293 | 80.9 | 1.9 | 88.4 |
| Haiti | 78,372 | 58.4 | 1.6 | 89.6 | 83,839e | 59.9 | 1.6 | 90.0 |
| Trinidad & Tobago | 74,686 | 39.3 | 1.5 | 91.1 | 78,349e | 40.2 | 1.5 | 91.5 |
| B.V.I. | 72,885e | 63.3 | 1.5 | 92.6 | 75,994e | 63.3 | 1.5 | 93.0 |
| Costa Rica | 71,921 | 22.6 | 1.5 | 94.1 | 70,721 | 20.5 | 1.4 | 94.4 |
| Martinique | 56,069 | 35.2 | 1.1 | 95.2 | 55,748e | 35.2 | 1.1 | 95.5 |
| Antigua | 48,011 | 54.5 | 1.0 | 96.2 | 43,227 | 49.9 | 0.8 | 96.3 |
| St. Lucia | 38,751 | 43.9 | 0.8 | 97.0 | 39,901e | 44.3 | 0.8 | 97.1 |
| Guadeloupe | 36,071e | 33.3 | 0.8 | 97.8 | 39,320e | 33.3 | 0.8 | 97.9 |
| Curacao | 27,183 | 15.2 | 0.6 | 98.4 | 26,082 | 14.6 | 0.5 | 98.4 |
| Belize | 23,163 | 37.5 | 0.5 | 98.9 | 23,619e | 38.1 | 0.5 | 98.9 |
| St. Vincent | 12,382 | 37.7 | 0.3 | 99.2 | 15,187 | 39.5 | 0.3 | 99.2 |
| St. Kitts/Nevis | 12,382 | 41.7 | 0.3 | 99.5 | 13,721 | 42.3 | 0.3 | 99.5 |
| Turks & Caicos | 8,597e | 79.7 | 0.2 | 99.7 | 9,586e | 79.8 | 0.2 | 99.7 |
| Grenada | 12,007 | 37.2 | 0.2 | 99.9 | 8,759 | 29.8 | 0.2 | 99.9 |
| Bonaire | 7,244 | 36.8 | 0.1 | 100.0 | 7,711 | 33.9 | 0.1 | 100.0 |
| Montserrat | 5,511 | 42.2 | 0.1 | 100.1 | 9,660 | 49.3 | 0.1 | 100.1 |
| Dominica | 2,873 | 16.6 | 0.1 | 100.2 | 2,935e | 21.5 | 0.1 | 100.2 |
| Anguilla | n.a. | n.a. | n.a. | 100.2 | n.a. | n.a. | n.a. | 100.2 |

**North American includes the United States and Canada.*
*e—Estimate.*
*n.a.—Data not available.*
*Source:* North American Tourism Demand Study, *Caribbean Tourism Research and Development Centre*

# CARIBBEAN STAYOVER VISITORS 1970-1980

| Countries | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | % Growth 1970-80 | % Comp. Annual Growth 1970-1980 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Anguilla | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Antigua | 53,369 | 67,537 | 72,328 | 72,788 | 69,854 | 82,114 | 56,398 | 88,297 | 78,695 | 88,037 | 88,571 | 36.6 | 3.2 |
| Aruba | 75,042 | 85,756 | 88,652 | 95,183 | 105,267 | 126,852 | 146,487 | 151,169 | 163,836 | 185,141 | 188,917 | 151.8 | 9.7 |
| Bahamas | 851,480 | 960,820 | 1,015,320 | 976,780 | 929,230 | 903,050 | 939,910 | 965,420 | 1,176,120 | 1,129,420 | 1,181,260 | 38.7 | 3.3 |
| Barbados | 156,379 | 199,075 | 210,349 | 222,060 | 230,718 | 221,567 | 224,314 | 269,314 | 316,868 | 370,916 | 369,915 | 136.6 | 9.0 |
| Belize | 42,000 | 45,607 | 50,651 | 50,553 | 46,425 | 54,598 | 62,694 | 54,633 | 59,911 | 61,712 | 62,200[6] | 47.6 | 4.0 |
| Bonaire | 7,410 | 5,573 | 8,067 | 10,883 | 11,102 | 8,623 | 10,273 | 14,139 | 19,755 | 19,696 | 22,751 | 207.0 | 11.9 |
| B.V.I.[10] | 33,589 | 38,600 | 44,800 | 57,830 | 58,486 | 64,980 | 70,287 | 84,929 | 105,514 | 115,091 | 120,000[6] | 257.3 | 13.6 |
| Cayman Is. | 22,891 | 24,364 | 30,646 | 45,751 | 53,104 | 54,145 | 64,875 | 67,197 | 77,402 | 100,597 | 120,241 | 425.3 | 18.1 |
| Costa Rica | 154,867 | 170,396 | 202,269 | 248,525 | 271,864 | 287,207 | 299,039 | 327,548 | 340,442 | 317,724 | 345,470 | 123.1 | 8.4 |
| Curacao | 105,628 | 119,640 | 126,381 | 142,314 | 145,594 | 134,130 | 140,257 | 153,856 | 173,704[1] | 176,872 | 178,578 | 67.5 | 5.3 |
| Dominica | 13,537 | 14,709 | 15,294 | 15,310 | 14,509 | 15,045 | 16,816 | 17,857 | 20,111 | 15,456[2] | 13,660[2] | 0.9 | 0.1 |
| Dom. Rep. | 83,025 | 89,104 | 91,451 | 134,152 | 175,000[6] | 221,000[6] | 259,800 | 265,000 | 257,107[3] | 286,573[3] | 301,070[3] | 377.7 | 17.0 |
| Grenada | 30,436 | 35,628 | 37,933 | 33,490 | 14,723 | 21,059 | 24,551 | 28,538 | 32,336 | 32,303 | 29,416 | -3.3 | -0.3 |
| Guadeloupe | 47,255 | 61,417 | 67,746 | 103,000 | 63,076 | 74,056 | 94,641 | 115,516 | 109,586 | 114,253 | 118,000[6] | 149.9 | 9.6 |
| Haiti | 33,691 | 44,933 | 67,625 | 70,107 | 79,055 | 79,150 | 85,918 | 95,985 | 111,842 | 134,120 | 140,000[6] | 315.5 | 15.3 |
| Jamaica | 309,122 | 359,323 | 407,806 | 418,257 | 432,987 | 395,800 | 327,706 | 264,921 | 381,818 | 426,540 | 395,340 | 27.9 | 2.5 |
| Martinique[9] | 33,415 | 45,627 | 54,613 | 82,760 | 94,595 | 104,868 | 120,478 | 135,379 | 147,799 | 159,379 | 158,462 | 374.2 | 16.8 |
| Montserrat | 9,503 | 9,338 | 9,759 | 9,704 | 9,077 | 9,378 | 9,307 | 9,980 | 11,534[2] | 13,060[2] | 15,532[2] | 63.4 | 5.0 |
| Puerto Rico[4] | 1,088,379 | 1,095,119 | 1,172,885 | 1,322,250 | 1,441,002 | 1,339,137 | 1,329,826 | 1,466,860 | 1,559,539 | 1,714,093[6] | 1,697,970 | 56.0 | 4.5 |
| [5] | 680,250 | 684,500 | 765,979 | 839,937 | 890,028 | 820,662 | 659,314 | 694,722 | 768,177 | 806,696 | 703,307 | 3.4 | 0.3 |
| St. Kitts/Nevis | 13,472 | 15,105 | 16,245 | 14,937 | 13,251 | 14,666 | 14,764 | 15,436 | 20,234 | 32,809 | 32,432 | 140.7 | 9.2 |
| St. Lucia | 29,529 | 33,199 | 42,399 | 45,500 | 51,816 | 46,731 | 56,440 | 66,360 | 75,033 | 87,906 | 90,000[6] | 204.8 | 11.8 |
| St. Maarten[3] | 79,384 | 96,491 | 108,960 | 107,916 | 110,108 | 118,183 | 163,301 | 165,960 | 191,490 | 221,116 | 221,541 | 179.1 | 10.8 |
| St. Vincent | 16,352 | 17,407 | 16,902 | 16,605 | 20,822 | 16,579 | 17,899 | 19,366 | 28,698 | 32,081 | 36,430 | 135.0 | 8.9 |
| Trinidad & Tob. | 84,060 | 108,540 | 115,290 | 127,150 | 129,110 | 132,610 | 156,660 | 167,250 | 176,820 | 190,060 | 195,000[6] | 132.0 | 8.7 |
| Turks & Caicos | 2,060 | 2,742 | 4,670 | 5,881 | 7,967 | 5,161 | 7,055 | 5,011 | 9,627 | 10,788 | 12,000[6] | 476.9 | 19.2 |
| US Virgin Is.[8] | 491,303 | 516,618 | 560,093 | 491,748 | 433,572 | 417,494 | 421,367 | 460,871 | 548,999 | 601,249 | 498,232 | 3.3 | 0.3 |
| [7] | 677,595 | 686,709 | 774,474 | 720,871 | 622,647 | 570,425 | 582,275 | 644,275 | 782,498 | 835,056 | 700,001 | 3.4 | 0.3 |
| Venezuela | 116,982 | 144,085 | 170,836 | 284,803 | 425,923 | 436,182 | 534,797 | 652,323 | 763,670 | 800,000[6] | 825,000[6] | 605.4 | 22.0 |
| TOTAL | 3,965,639 | 4,400,897 | 4,801,980 | 5,204,981 | 5,440,237 | 5,379,366 | 5,645,882 | 6,049,905 | 6,976,488 | 7,439,704 | 7,457,790 | 88.1 | 6.5 |
| Annual change | | 435,177 | 401,183 | 402,671 | 235,576 | (60,871) | 266,516 | 404,023 | 926,543 | 463,216 | 18,086 | | |
| % Annual change | | 11.0 | 9.1 | 8.4 | 4.5 | -1.1 | 5.0 | 7.2 | 15.3 | 6.6 | 0.2 | | |
| % Cumm. change | | 11.0 | 20.1 | 31.2 | 33.0 | 31.9 | 38.9 | 44.1 | 59.4 | 66.0 | 66.2 | | |

*n.a.–Data not available; [6]–Estimate; [1]–New series started; [2]–New series excluding excursionists; [3]–Air arrival stayover visitors; [4]–Stayover visitors 1970-75 fiscal year/1976-80 calendar year accounting; [5]–Hotel registration non-residents calendar year 1970-80; [6]–Stayover visitors U.S.V.I. Department of Commerce; [7]–Air visitor statistics USVI Dept. of Commerce; 1970-74 fiscal year/1975-80 calendar year accounting; [8]–Pan American games special event; [9]–Includes French nationals staying at registered accommodations; [10]–Including excursionists.*

*Source:* North American Tourism Demand Study, *Caribbean Tourism Research and Development Centre*



# GROWTH OF CARIBBEAN STAYOVER VISITORS 1970-1980 BY DESTINATION CATEGORIES*

| Destinations | STAYOVER VISITORS (VOLUME IN THOUSANDS) 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | COMPOUND ANNUAL GROWTH RATES (%) 1970-1980 (10 years) | 1970-1973 (3 years) | 1973-1976 (3 years) | 1976-1980 (4 years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Leading Islands | 3,030 | 3,310 | 3,557 | 3,673 | 3,753 | 3,616 | 3,666 | 3,799 | 4,432 | 4,750 | 4,665 | | | | |
| % Annual growth | — | 9.3 | 7.4 | 3.3 | 2.2 | (3.6) | 1.4 | 3.6 | 16.6 | 7.2 | (1.8) | 4.4 | 6.6 | (0.1) | 6.2 |
| % of Total Visitors | 76.4 | 75.2 | 74.1 | 70.1 | 69.0 | 67.2 | 64.9 | 62.8 | 63.5 | 63.8 | 62.6 | | | | |
| Emerging Islands | 529 | 638 | 712 | 843 | 850 | 882 | 992 | 1,105 | 1,218 | 1,353 | 1,396 | | | | |
| % Annual growth | — | 18.9 | 13.1 | 18.3 | 0.9 | 3.7 | 12.6 | 11.4 | 10.2 | 11.1 | 3.1 | 10.2 | 16.8 | 5.6 | 9.9 |
| % of Total Visitors | 13.4 | 14.3 | 14.8 | 16.2 | 15.6 | 16.4 | 17.5 | 18.3 | 17.5 | 18.2 | 18.7 | | | | |
| Other Islands | 93 | 101 | 109 | 107 | 91 | 94 | 101 | 110 | 142 | 157 | 164 | | | | |
| % Annual growth | 8.3 | 8.9 | 8.3 | 1.9 | 14.4 | 2.3 | 7.6 | 9.5 | 29.9 | 10.3 | 4.7 | 5.9 | 4.8 | (2.0) | 13.1 |
| % of Total Visitors | 2.3 | 2.3 | 2.3 | 2.1 | 1.7 | 1.7 | 1.8 | 2.0 | 2.0 | 2.1 | 2.2 | | | | |
| Caribbean Mainland | 314 | 360 | 424 | 582 | 746 | 786 | 887 | 1,035 | 1,184 | 1,179 | 1,232 | | | | |
| % Annual growth | — | 14.7 | 17.7 | 37.3 | 28.2 | 5.6 | 12.5 | 16.6 | 14.5 | — | 4.5 | 14.7 | 22.9 | 15.1 | 8.6 |
| % of Total Visitors | 7.9 | 8.2 | 8.8 | 11.2 | 13.7 | 14.6 | 15.7 | 17.1 | 17.0 | 15.9 | 16.5 | | | | |
| Caribbean Total All visitors | 3,966 | 4,401 | 4,802 | 5,205 | 5,440 | 5,379 | 5,646 | 6,049 | 6,976 | 7,440 | 7,458 | | | | |
| % Annual growth | — | 11.0 | 9.1 | 8.4 | 4.5 | 1.1 | 5.0 | 7.2 | 15.3 | 6.6 | 0.2 | 6.5 | 9.5 | 7.7 | 7.2 |

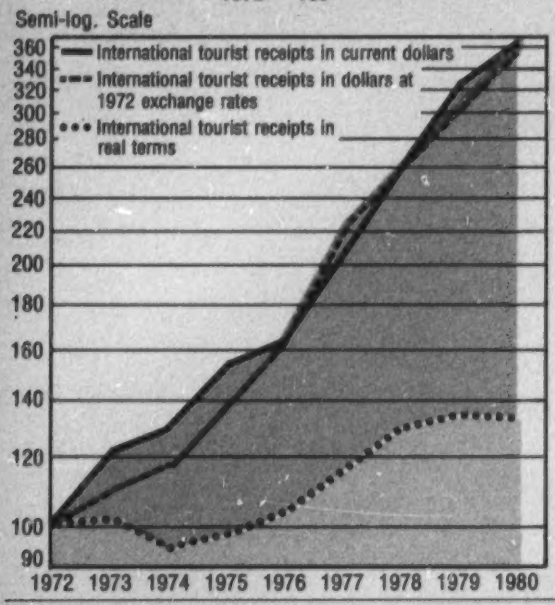
**Leading Islands received 200,000 or more stayover visitors from all markets in 1980: Bahamas, Barbados, Dominican Republic, Jamaica, Puerto Rico, St. Maarten, and U.S. Virgin Islands. Emerging Islands received between 75,000 and 200,000 visitors in 1980: Antigua, Aruba, British Virgin Islands, Cayman Islands, Curacao, Guadeloupe, Haiti, Martinique, St. Lucia, and Trinidad & Tobago. Other Islands received fewer than 75,000 in 1980: Bonaire, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Vincent & Grenadines, Turks and Caicos, Anguilla. Mainland Destinations include Belize, Costa Rica and Venezuela.*

*Source:* North American Tourism Demand Study, *Caribbean Tourism Research and Development Centre*

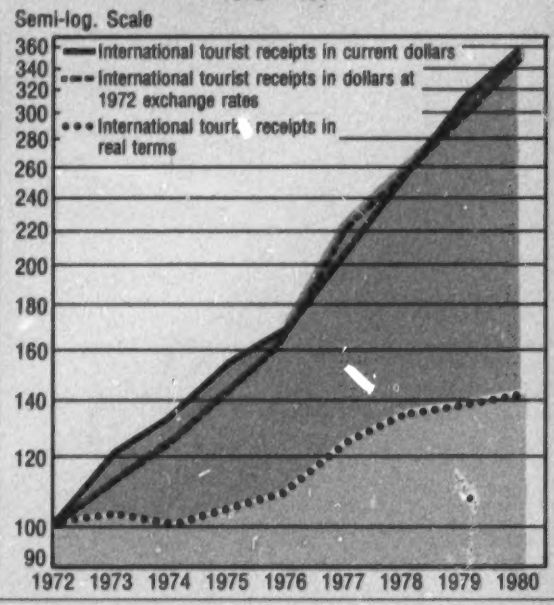
1-11

## TRENDS IN INTERNATIONAL TOURIST RECEIPTS FOR OECD COUNTRIES*

EUROPEAN MEMBER COUNTRIES AS A WHOLE
1972 = 100




OECD MEMBER COUNTRIES AS A WHOLE
1972 = 100




*OECD countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.
Source: Organization for Economic Co-operation and Development

1-12

## SHARE OF INTERNATIONAL TOURIST RECEIPTS AND EXPENDITURES IN INTERNATIONAL PAYMENTS OF OECD COUNTRIES*

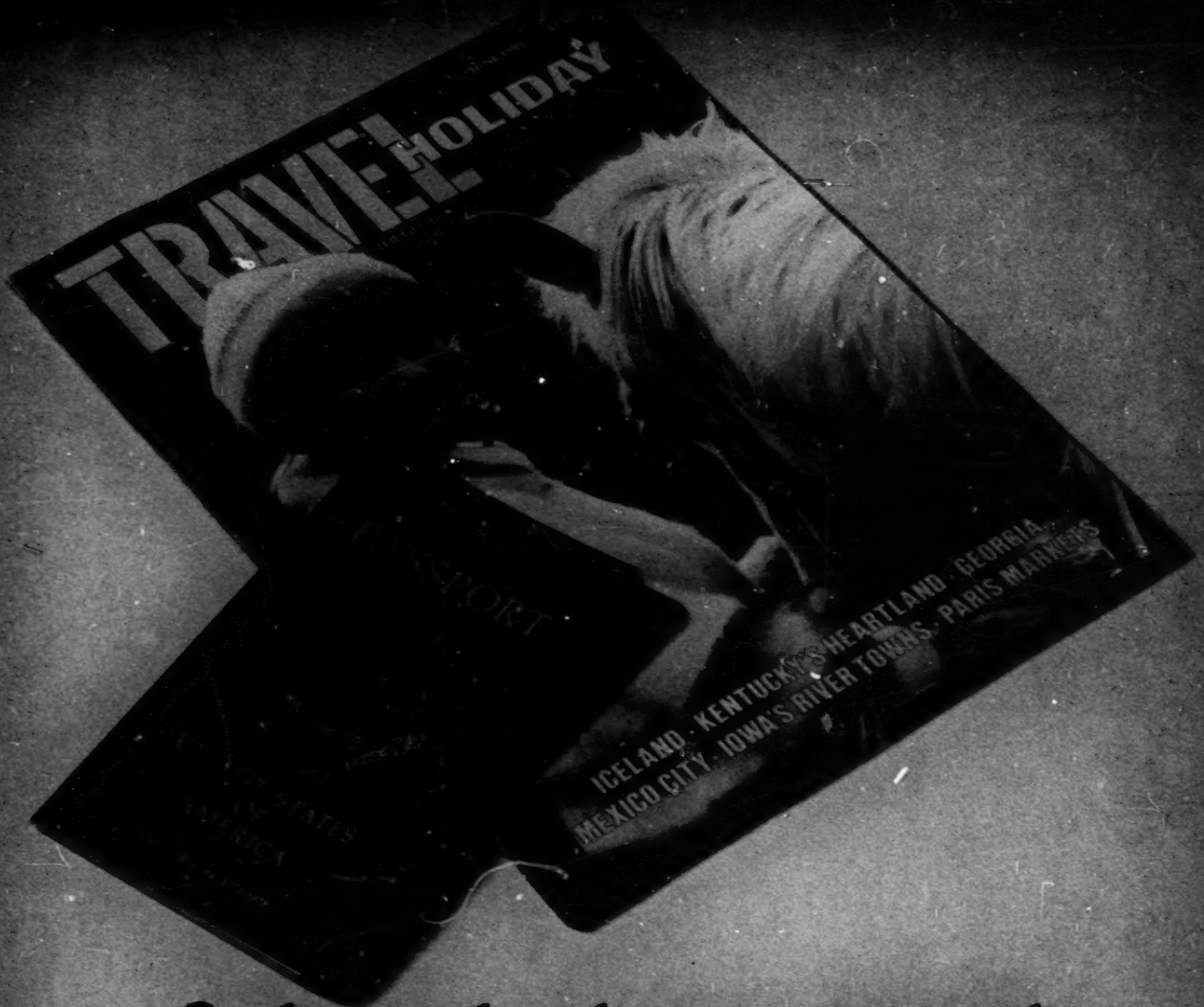
SHARE OF INTERNATIONAL TOURIST RECEIPTS IN EXPORTS OF GOODS AND SERVICES

| | 1978 | 1979 | 1980* | Average 78/80* |
|---|---|---|---|---|
| Germany | 2.8 | 2.8 | 2.8 | 2.8 |
| Austria | 22.0 | 20.4 | 20.4 | 20.9 |
| Belgium-Luxembourg | 2.2 | 2.2 | 2.0 | 2.1 |
| Denmark | 6.6 | 6.2 | 5.5 | 6.1 |
| Spain | 24.5 | 21.6 | 19.9 | 22.0 |
| Finland | 4.2 | 4.0 | 3.7 | 4.0 |
| France | 5.5 | 5.0 | 5.1 | 5.2 |
| Greece | 20.6 | 19.7 | 20.7 | 20.3 |
| Ireland | 5.9 | 5.4 | — | — |
| Iceland | 2.1 | 2.0 | 1.9 | 2.0 |
| Italy | 8.6 | 8.7 | 8.5 | 8.6 |
| Norway | 3.4 | 3.0 | 2.6 | 3.0 |
| Netherlands | 2.0 | 1.6 | — | — |
| Portugal | 16.4 | 17.6 | 16.3 | 16.8 |
| United Kingdom | 4.5 | 4.5 | 4.2 | 4.5 |
| Sweden | 2.7 | 2.6 | 2.5 | 2.6 |
| Switzerland | 8.0 | 8.5 | — | — |
| Turkey | 7.7 | 8.5 | — | — |
| **EUROPE** | 5.7 | 5.5 | 5.5 | 5.7 |
| Canada | 3.8 | 3.8 | 3.7 | 3.8 |
| United States | 3.3 | 2.9 | 2.9 | 3.0 |
| **NORTH AMERICA** | 3.4 | 3.1 | 3.1 | 3.2 |
| Australia | 2.6 | 2.4 | 2.7 | 2.6 |
| New Zealand | 3.6 | 3.3 | 3.2 | 3.4 |
| Japan | 0.4 | 0.4 | 0.4 | 0.4 |
| **AUSTRALASIA-JAPAN** | 0.8 | 0.8 | 0.8 | 0.8 |
| **OECD** | 4.4 | 4.4 | 4.3 | 4.4 |

SHARE OF INTERNATIONAL TOURIST EXPENDITURE IN IMPORTS OF GOODS AND SERVICES

| | 1978 | 1979 | 1980* | Average 78/80* |
|---|---|---|---|---|
| Germany | 9.2 | 8.8 | 8.7 | 8.9 |
| Austria | 9.9 | 9.4 | 8.2 | 9.2 |
| Belgium-Luxembourg | 4.1 | 3.8 | 3.4 | 3.8 |
| Denmark | 6.0 | 6.3 | 5.9 | 6.1 |
| Spain | 2.5 | 3.0 | 2.6 | 2.7 |
| Finland | 4.0 | 3.6 | 3.0 | 3.5 |
| France | 4.3 | 4.0 | 3.6 | 4.0 |
| Greece | 2.7 | 2.4 | 2.6 | 2.6 |
| Ireland | 4.2 | 4.0 | — | — |
| Iceland | 4.7 | 4.5 | 4.3 | 4.5 |
| Italy | 1.8 | 1.7 | 1.6 | 1.7 |
| Norway | 5.7 | 6.2 | 5.5 | 6.1 |
| Netherlands | 5.3 | 4.9 | — | — |
| Portugal | 2.7 | 3.1 | 2.7 | 2.8 |
| United Kingdom | 3.1 | 3.4 | 4.1 | 3.5 |
| Sweden | 5.1 | 5.6 | 5.2 | 5.6 |
| Switzerland | 7.0 | 6.9 | — | — |
| Turkey | 1.6 | 1.6 | — | — |
| **EUROPE** | 5.4 | 5.1 | 5.0 | 5.2 |
| Canada | 5.1 | 4.8 | 4.9 | 5.3 |
| United States | 3.7 | 3.3 | 3.1 | 3.4 |
| **NORTH AMERICA** | 4.2 | 3.8 | 3.4 | 3.7 |
| Australia | 3.4 | 2.8 | 2.5 | 2.9 |
| New Zealand | 7.8 | 7.6 | 7.0 | 7.3 |
| Japan | 3.5 | 3.6 | 2.7 | 3.4 |
| **AUSTRALASIA-JAPAN** | 3.8 | 3.6 | 2.9 | 3.5 |
| **OECD** | 4.3 | 4.0 | 4.1 | 4.0 |

*Includes all OECD countries cited in Table (1-11) except Ireland, the Netherlands, Switzerland, and Turkey. 1980 data for Spain is estimated.
Source: Organization for Economic Co-operation and Development

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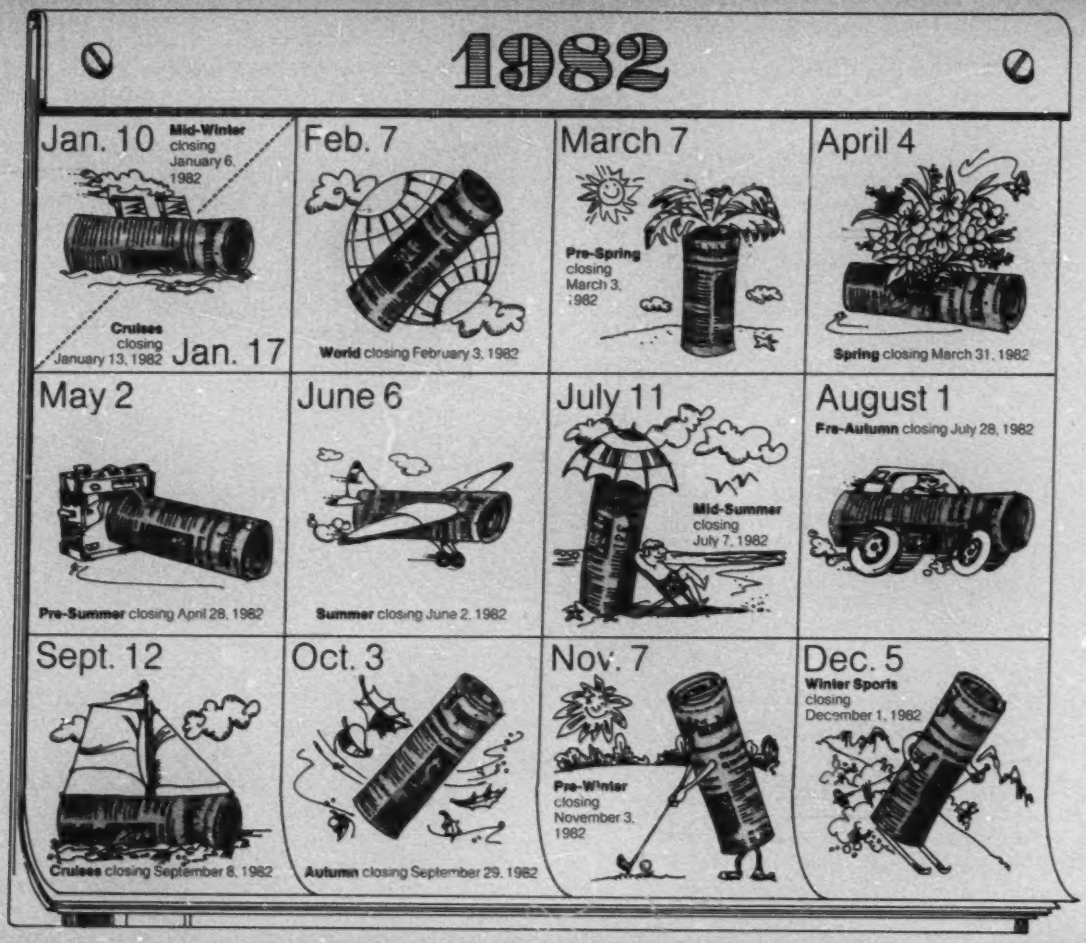
Source: Erdos & Morgan, 1981.

# INTERNATIONAL TOURIST ARRIVALS SELECTED COUNTRIES 1979 VS. 1980

| COUNTRY | NOTES | 1979 | 1980 | % Change |
|---|---|---|---|---|
| Australia | VF | 793,345 | 904,559 | 14.0 |
| Austria | TA | 12,875,292 | 13,879,024 | 7.8 |
| Canada | TF | 12,615,200 | 12,425,900 | −1.5 |
| Czechoslovakia | TF | 3,983,837 | 5,054,828 | 26.9 |
| Denmark | NH | 4,257,100 | 4,349,100 | 2.2 |
| Ecuador | TF | 239,802 | 244,485 | 2.0 |
| Egypt | VF | 1,064,079 | 1,253,097 | 17.8 |
| Finland | NH | 1,723,404 | 1,843,393 | 7.0 |
| France | TF | 28,763,000 | 30,100,000 | 4.6 |
| French Polynesia | TF | 101,194 | 88,959 | −12.1 |
| Germany | VF | 198,547,647 | 203,817,594 | 2.7 |
| Greece | TF | 5,232,973 | 4,795,900 | −8.4 |
| Hong Kong | VF | 2,213,209 | 2,301,473 | 4.0 |
| India | TF | 764,781 | 800,150 | 4.6 |
| Indonesia | VF | 494,366 | 561,178 | 13.5 |
| Japan | VF | 1,112,606 | 1,318,632 | 18.3 |
| Korea | VF | 1,126,100 | 976,415 | −13.3 |
| Malta | TF | 618,310 | 728,732 | 18.0 |
| Morocco | TF | 1,435,996 | 1,424,733 | −0.8 |
| Nepal | VF | 162,276 | 162,697 | 0.4 |
| New Zealand | VF | 432,382 | 465,163 | 7.6 |
| Norway | VF | 478,009 | 473,014 | −1.0 |
| Pakistan | TF | 318,558 | 299,012 | −6.1 |
| Portugal | TF | 2,255,100 | 2,708,000 | 20.1 |
| Romania | VF | 6,035,000 | 6,742,000 | 11.7 |
| Spain | VF | 38,902,476 | 38,028,816 | −2.3 |
| Sri Lanka | TF | 250,164 | 321,780 | 28.6 |
| Switzerland | TF | 9,100,000 | 10,650,000 | 17.0 |
| Thailand | VF | 1,591,455 | 1,858,501 | 16.8 |
| Tunisia | TF | 1,355,951 | 1,602,054 | 18.1 |
| Turkey | VF | 1,523,658 | 1,288,060 | −15.5 |
| United Kingdom | VF | 12,486,000 | 12,323,000 | −0.7 |
| Yugoslavia | VF | 22,217,443 | 20,387,000 | −8.2 |

*Source: World Tourism Organization; Organization for Economic Co-operation and Development*

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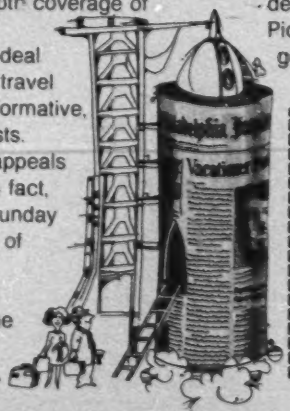

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## DOMESTIC MARKET

After a year of depressed activity in 1980, the domestic travel industry began to recover in 1981.* Spurred by pent-up demand and plentiful gasoline at stable prices, consumers returned to the nation's highways in increasing numbers. By the end of June 1981, market observers were calling for a year of more favorable moderate growth. Then on August 3, the air traffic controllers' strike jolted the industry, disrupting airline service during its peak period and causing U.S. travelers to cancel, postpone, or alter vacation plans. On top of this, economic indicators for the third quarter of the year pointed to the onset of a recession.

### 1981 Developments

During the first half of 1981, statistics released by the U.S. Travel Data Center — as part of its ongoing *National Travel Survey*** — supported indications of a rebound in consumer travel activity. Person trips were up 33% for the first quarter and 30% for the second — compared to the same 1980 periods — with all trip types demonstrating improvement. A relatively high rate of economic growth, coupled with declining inflation, was primarily responsible for the boosts which followed a 13% drop in the number of person trips taken in calendar year 1980. (1-18)

Further evidence of a return to more traditional levels of travel activity came in June 1981 when the *National Travel Survey* reported that U.S. adults had taken 30% more trips than in June 1980. Likewise, a 9% year-over-year increase in person trips for July suggested that consumer travel patterns had stabilized at a healthier level. Travel intentions were also up modestly over the previous year, according to the July survey, as 41% of those questioned were planning vacation trips during the succeeding six months compared with 39% in August 1980.

More important than the absolute numbers of U.S. travelers identified by the Data Center were some changes in the character of the average vacation trip in 1981. Whereas 1980 trips tended to be longer in terms of both distance and duration — reflecting the public's desire to take at least one major vacation despite economic constraints — 1981 trips involved shorter periods of time at destinations closer to home. This trend reversal can probably be traced to consumer preference for multiple vacation trips combined with cost-cutting adjustments to travel budgets. Although the devastating travel price inflation evidenced during 1980 subsided somewhat in 1981, the rise in the cost of travel continued to outpace overall consumer price increases throughout the year.

As of August 1981, the Data Center's Travel Price Index (TPI) — a measurement of the seasonally unadjusted cost of transportation, lodging, food, and other goods and services purchased by travelers — was 13.4% above the TPI for August 1980. In comparison, the Consumer Price Index (CPI) was 10.9% over its year earlier level. Nonetheless, these figures demonstrate substantial improvement when placed against a 21% hike in the TPI versus a 13.5% rise in the CPI for calendar year 1980. (1-23) Projections for the full 12 months of 1981 call for a 14% annual increase in travel-related costs. Although this will continue to exceed a corresponding jump of 10% in the CPI, it reflects lower rates of inflation in travel component pricing across the board.

Between 1972 and 1981, the TPI increased 130% while the CPI rose 97%. Prices for air transportation, accommodations, and food all contributed to the faster growth rate, but it was a 243% leap in the cost of gasoline over the eight-year period that boosted the TPI most dramatically. (1-21) Now, a leveling off and, in some cases, a decline in the average gasoline tab is having an impact on all segments of the market. According to Federal Highway Administration data released for August 1981, main rural road vehicle miles were running 3.8% ahead of those measured in August 1980, with the year-to-date increase also up 3.8%. (1-19) These figures support an earlier projection which called for a 4% rise in automobile traffic for the calendar year. Additional "current travel indicators" compiled by the U.S. Travel Data Center show reduced intercity bus travel — down 2.4% for the first eight months of 1981 — as well as a 3% rise in Amtrak passenger miles for the period. A particularly good sign was domestic demand for motor gasoline which remained 1% under the comparable time span in 1980.

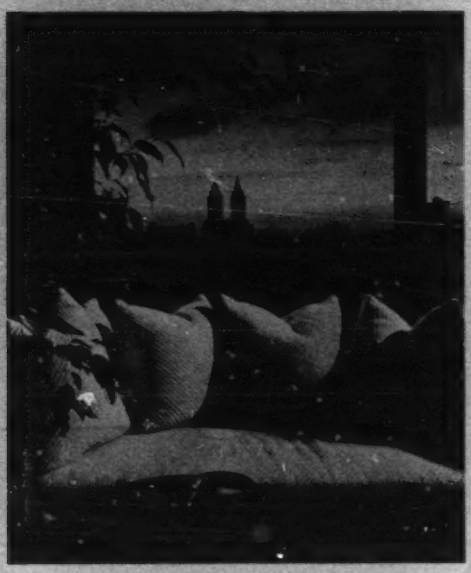
*The term "domestic travel" refers to the travel activities and expenditures of Americans within the 50 states of the U.S. Trips for pleasure, business, and personal reasons are included, as are expenditures for transportation, lodging, food, recreation, amusements, and incidentals. Destination expenses, by necessity, include some expenditures by foreigners in the U.S. For the purposes of this discussion, a trip is defined according to the U.S. Travel Data Center definition; that is, one which involves a distance of at least 100 miles away from home and a return, regardless of transportation mode and the purchase of overnight accommodations. Readers should note, however, that the trip data included in the following section on The Consumer is based on the Travel Pulse Research Service definition which isolates those travelers who either use air transportation or paid accommodations or who purchase a cruise vacation. Travel Pulse also defines "domestic travel" as that which involves the 48 contiguous states.

**The United States Travel Data Center is a Washington, D.C. nonprofit research firm devoted to the study of travel and tourism. Its National Travel Survey is a monthly study of travel behavior based on telephone interviews with a national probability sample of approximately 1,000 adults. Further information on the survey is included in the Bibliography contained in the Appendix of this edition.

# People who have it all get away from it all!

ARCHITECTURAL DIGEST

THE INTERNATIONAL MAGAZINE OF THE INTERIOR DESIGN



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ARCHITECTURAL DIGEST

KNAPP COMMUNICATIONS CORPORATION

## Expenditures for Travel

In 1980, expenditures for domestic travel totaled nearly $158 billion, a 14% increase over the $138 billion posted in 1979 and a growth rate which barely surpassed the annual change in consumer prices. Transportation payments of $72.5 billion (up 21%) led the advance, despite the fact that automobile and common carrier traffic actually dropped by 2%. (1-14) As in past years, inflation rather than travel volume accounted for the higher level of industry receipts. When 1980 expenditure figures are adjusted to show real growth, they indicate a rise of only 1%.

Elevated fuel prices and overall economic instability plagued the domestic travel market in 1980, with the airline segment of the industry sustaining the most significant losses in traffic. A 5% drop in domestic carrier revenue passenger miles impacted heavily on lodging facilities which registered a meager 6% hike in receipts. (1-14) For the first time in recent years, national occupancy rates fell — from 67.8% in 1979 to 62.8% in 1980 — and they are expected to drop to 61% in 1981. (1-22) Although the decline in occupancy levels is partially a function of increased room availability, it clearly reveals softness stemming from the recessionary economy. (See Section 4/Accommodations for more detailed information.)

While financial data for 1981 is still in the process of being gathered, industry analysts suggest that expenditures will rise at a slower pace than in 1980 despite an anticipated gain in travel volume. An increase of 10% in industry sales, translating into a 5% real growth rate, was projected by the U.S. Travel Data Center in its *1980-81 Economic Review of Travel in America* prepared during the summer of 1981. It is important to note, however, that the forecast was issued prior to the PATCO strike and the onset of full-fledged recession in the fourth quarter of the year.

## Transportation Trends

Of the 1.5 trillion passenger miles logged by U.S. travelers in 1980, nearly 237 billion or 15.3% were generated by common carriers. (1-14) This compares to a 15.6% share posted in 1979 and demonstrates the first decline in the common carrier proportion of passenger traffic since 1974, the year of the Arab oil embargo. Although airline, bus, and rail passenger volume grew faster than automobile travel throughout the 1970s, the common carriers still have a long way to go in terms of replacing the family car as the dominant mode of transportation for vacation travel. Their potential success is closely tied to fuel availability as well as price. In 1979, for example, auto/truck/RV passenger miles fell 2% while common carrier traffic jumped over 12% — a result of gasoline shortages. Then in 1980, an enormous leap in fuel prices caused both common carrier and family car traffic to soften, with another 2% drop for the automobile versus a much more significant 5% loss for the common carriers. (1-20)

While most of the common carrier decline in 1980 was attributable to the airlines, it was augmented by an 8% decrease in rail traffic due to Amtrak route cuts. A 2% hike in the volume of bus passenger miles was not enough to offset the drops. (1-14) As of mid-1981, air, bus, and rail components of the industry expected a combined loss of about 2% in traffic volume for the calendar year. But this decline looks optimistic in light of the PATCO job action and the failing economy. By October 1981, the domestic airlines alone anticipated a 5% decrease in traffic, and the bus and rail segments looked forward to little or no upward growth.

The rental car segment of the domestic travel market demonstrated some stability during the difficult year of 1980. Holding onto a 1.8% share of overall expenditures, rental car firms posted $2.8 billion in revenues for the year, a figure that was 12% higher than 1979's $2.5 billion. (1-15,1-17) The outlook for 1981, however, remains mixed. While transaction rental volume was down for the first six months, it was stimulated by competitive rate slashing in the third quarter. Calendar year results now hinge heavily on demand which is bound to be affected by the sluggish economy and the airline situation.

Unlike other segments of the domestic travel industry, cruise lines had a banner year in 1980, as the number of passengers soared to 20% above the 1979 count. Cruise revenues hit the $3 billion mark, up from $2.1 billion in 1979, and accounted for almost 2% of industrywide expenditures. (1-15,1-17) However, the continued financial health of passenger shipping lines is closely linked to their ability to fill available space. Excess capacity was somewhat of a problem in 1981, and it will undoubtedly have a notable effect on future marketing strategies. Nonetheless, the cruise industry looks forward to a 5% increase in passengers for 1981 and is generally optimistic about the years ahead. (Detailed accounts of 1981 traffic and financial trends for transportation segments are included in Section 3/Transportation.)

## Outlook for 1982

The outlook for domestic travel activity in 1982 remains clouded by three factors — the PATCO strike, the uncertain economy, and fuel availability. Although industry analysts are hopeful about the oil situation, they recognize its vulnerability to political developments. As for the economy, financial experts have no consensus regarding the magnitude and length of the current recession. The most optimistic forecasts call for a reversal of downward trends by summer. Still, inflation is expected to remain a nagging problem, and its impact on transportation costs has been documented many times in the past.

The current climate for growth among domestic travel industry segments is not promising. In fact, the first half of 1982 may be substantially worse than was anticipated even a few months ago. For the present, therefore, suppliers serving the domestic travel market are once again challenged to hold the line on price by increasing efficiency and by continuing to develop affordable products and services. The successes of the cruise industry and a number of domestic tour operators — despite adverse economic conditions — points to the sustained popularity of all-inclusive vacation packages among discretionary travelers. Moreover, there are clearly benefits inherent in marketing efforts designed to attract foreign tourists and in programs geared to the still solid business travel market.

1-14

## U.S. DOMESTIC TRAVEL 1979 VS. 1980

| Means of Transport | Passenger Miles (Billions) 1979 | 1980 | % Change |
|---|---|---|---|
| Automobile | 1333.0 r | 1312.1 | −1.6 |
| Air | 213.5 | 203.2 | −4.8 |
| Bus | 27.2 | 27.7 | +1.8 |
| Rail | 6.4 | 5.9* | −7.8 |
| Total | 1580.1 r | [illegible] | −2.0 |
| **Expenditures** | **Billions of Dollars 1979** | **1980** | **% Change** |
| Transportation | $ 59.8 | $ 72.5 | +21.2 |
| Accommodations | 22.2 | 23.6 | +6.3 |
| Eating/Drinking | 31.1 | 34.5 | +10.9 |
| Recreation/Other | 25.0 | 27.0 | +8.0 |
| Total | $138.1 | $157.6 | +14.1 |

*r–Revised figures.*
**Reflects decline in Amtrak's route mileage as mandated by Congress.*
*Sources:* ***Auto**–Transportation Association of America.* ***Air**–Transportation Association of America; includes scheduled, non-scheduled, and supplemental carriers.* ***Bus**–American Bus Association; includes Class I, II, and III.* ***Rail**–American Railroad Association; includes Amtrak and Class I, excludes commutations.* ***Accommodations**–U.S. Department of Commerce.* ***Eating/Drinking**–Estimate based on National Restaurant Association data.* ***Recreation/Other***—Travel Market Yearbook *based on estimates from the U.S. Travel Data Center; includes recreation facilities, amusements, and travel incidentals. Sources for transportation expenditures cited in (1-15).*

1-15

## EXPENDITURES FOR DOMESTIC TRAVEL SERVICES BY MARKET SEGMENTS 1980

| Travel Service | Expenditure ($ Billions) |
|---|---|
| Transportation | $ 72.50 |
| Airlines | 28.05 |
| Railroads | .51 |
| Bus | 1.65 |
| Cruise Ships* | 3.00 |
| Rental Car | 2.80 |
| Family Car | 36.50 |
| Accommodations | 23.60 |
| Eating/Drinking | 34.50 |
| Recreation/Other | 27.00 |
| TOTAL | $157.60 |

**Domestic and international.*
*Sources:* ***Airlines**–Air Transport Association of America; includes all scheduled U.S. carriers.* ***Railroads**–American Railroad Association; includes Amtrak and Class I, excludes commutations.* ***Bus**–American Bus Association; includes passenger revenues Class I, II, and III.* ***Cruise**–Cruise Lines International Association.* ***Rental Car**–Hertz Corp. estimates.* ***Family Car***—Travel Market Yearbook *estimate based on Federal Highway Administration data.* ***Accommodations**–U.S. Department of Commerce.* ***Eating/Drinking***—Travel Market Yearbook *estimate based on National Restaurant Association data.* ***Recreation/Other***—Travel Market Yearbook *based on estimates from the U.S. Travel Data Center; includes recreation facilities, amusements, and incidentals.*

1-16

## 1980 U.S. TRAVEL MARKET DOMESTIC AND INTERNATIONAL

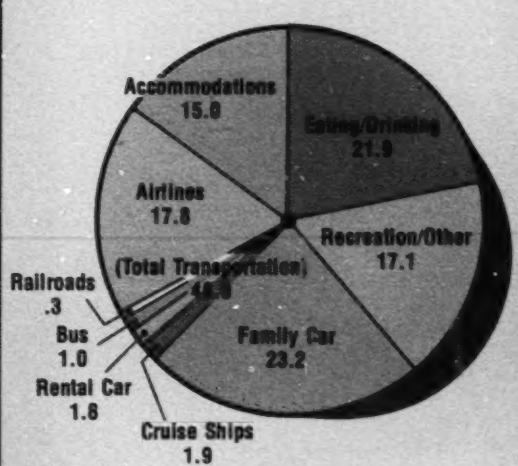
| | Expenditures ($ Billions) | Person Trips (Millions) |
|---|---|---|
| U.S. Domestic Travel | $157.6* | 935.1 |
| U.S. Travel Abroad | 14.0 | 22.4 |
| Total Travel/U.S. Citizens | $171.6 | 957.5 |

**Includes fare payments to U.S. carriers for international air transportation and destination payments of foreign visitors to U.S.*
*Sources: Figures on U.S. travel abroad from data compiled by U.S. Department of Commerce, Bureau of Economic Analysis and Nettleton Travel Research Center, based on data supplied by U.S. Department of Justice, Immigration and Naturalization Service and U.S. Department of Transportation, Transportation Systems Center. Person trip figure for domestic travel from the U.S. Travel Data Center's* 1980 National Travel Survey. *Expenditure figures for domestic travel based on data compiled by government and industry organizations cited in table (1-15).*

1-17

## MARKET SHARES OF THE $157.6 BILLION DOMESTIC TRAVEL INDUSTRY

Market/% of total dollars




Total 100.0%

*Sources: See table (1-15)*

1-18

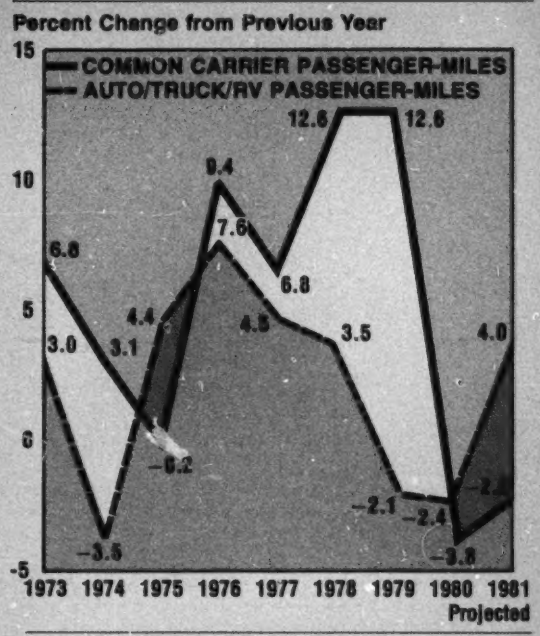
## NUMBER OF TRIPS AND PERSON TRIPS BY SELECTED CHARACTERISTICS 1980

| Trip Characteristics | Trips* (Millions) | Person Trips** (Millions) |
|---|---|---|
| **All trips** | 447.0 | 935.1 |
| **Purpose of trip** | | |
| Visit friends/relatives | 145.8 | 331.8 |
| Other pleasure | 160.2 | 351.3 |
| Business/convention | 87.3 | 135.0 |
| **Mode of transport** | | |
| Auto/truck/rv | 337.2 | 748.2 |
| Air | 90.6 | 142.5 |
| **Vacation trip** | 258.6 | 578.2 |
| **Weekend trip** | 201.9 | 451.5 |

*A trip is defined as each time a person goes to a place at least 100 miles away from home and returns.
**A person trip is defined as one person taking one trip. For example, if three household members take one trip, their travel is counted as one trip and three person trips.
Source: U.S. Travel Data Center, 1980 National Travel Survey

1-20

## COMMON CARRIER VS. AUTO TRAVEL 1973-1981




Source: U.S. Travel Data Center based on data from Civil Aeronautics Board, American Bus Association, Amtrak, Federal Highway Administration

1-19

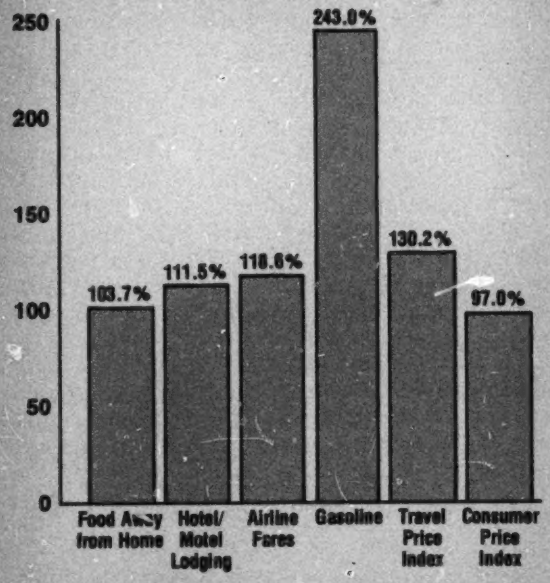
## CURRENT TRAVEL INDICATORS

| | August 1981 | % Change from July 1981 | % Change from August 1980 | Year-to-date % Change 1980/81 |
|---|---|---|---|---|
| **Establishment receipts or retail sales*** | | | | |
| Amusement and recreation services | $2,593 million | 0.9 | 10.4 | 12.9 |
| Car rental/leasing without drivers | $ 444 million | 1.6 | 7.5 | 6.9 |
| Eating and drinking places | $7,733 million | – 0.8 | 8.4 | 10.7 |
| Hotels, motels and other lodging places | $2,269 million | 0.3 | 10.6 | 9.9 |
| Gasoline service stations | $8,526 million | – 0.2 | 6.6 | 11.1 |
| **Commercial lodging demand** | | | | |
| Hotel/motel occupancy rate | 73.6 percent | 0.4 | – 1.8 | – 2.5 |
| Real demand for commercial lodging* | $798.6 million | – 1.2 | – 1.4 | 1.2 |
| **Airline passenger traffic*** | | | | |
| Domestic revenue passenger-miles | 15.8 billion | – 1.2 | – 11.7 | – 8.5 |
| International revenue passenger-lines | 5.8 billion | 3.6 | – 4.8 | – 3.7 |
| **Bus passenger traffic** | | | | |
| Intercity bus passenger-miles | 3.0 billion | 1.4 | – 4.5 | – 2.4 |
| **Highway traffic volume*** | | | | |
| Main rural road vehicle-miles | 52.8 billion | 0.6 | 3.8 | 3.8 |
| **Rail passenger traffic** | | | | |
| Amtrak passenger-miles | 535.0 million | – 2.6 | – 4.3 | 3.2 |
| **U.S. resident travel** | | | | |
| Total person trips | 138.9 million | 4.8 | 2.1 | 18.7 |
| Vacation person trips | 102.8 million | 6.5 | 4.7 | 20.9 |
| **Public Use of National Parks*** | | | | |
| Visits | 39,945,100 | – 12.3 | – 2.9 | 7.5 |
| Overnight stays | 3,325,900 | 1.5 | – 1.6 | 1.8 |
| **Domestic demand for motor gasoline*** | | | | |
| Barrels per day | 6,915 thousand | 2.1 | 4.0 | – 1.1 |

*Preliminary figures.
Source: U.S. Travel Data Center based on government and industry figures

1-21

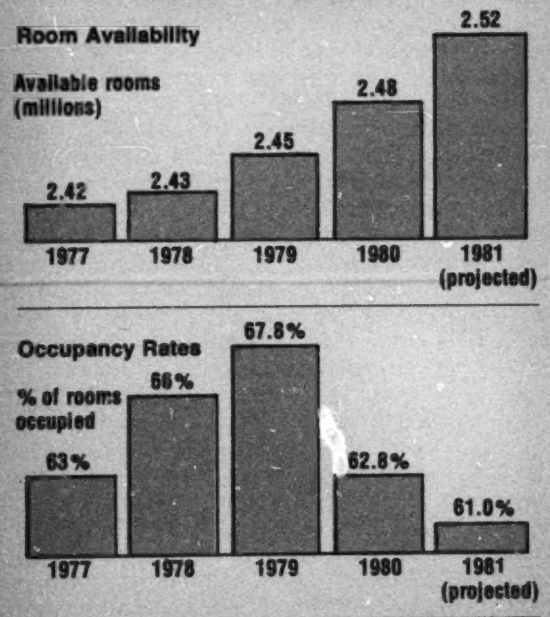
## CHANGES IN DOMESTIC TRAVEL COSTS 1972-1981




*Source: U.S. Travel Data Center based on data from U.S. Bureau of Labor Statistics*

1-22

## TRENDS IN DOMESTIC ACCOMMODATIONS MARKET

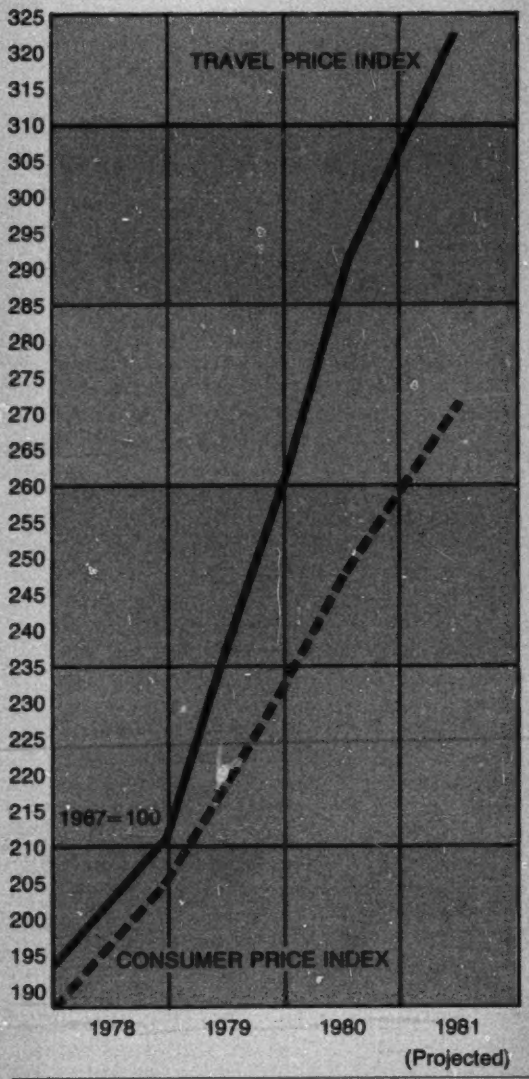



*Source: Laventhol and Horwath industry wide estimates based on the Census sample*

1-23

## TRENDS IN DOMESTIC TRAVEL COSTS

| | Annual % Change 1979/1980 | Annual % Change 1980/1981 (Projected) |
|---|---|---|
| Travel Price Index | 21.0 | 14.0 |
| Consumer Price Index | 13.5 | 11.0 |
| Airline Fares | 38.0 | 30.0 |
| Intercity Bus Fares | 14.0 | 11.0 |
| Intercity Train Fares | 18.0 | 15.0 |
| Gasoline | 39.0 | 15.0 |
| Lodging | 14.0 | 12.0 |
| Food Away From Home | 10.0 | 9.0 |
| Entertainment | 7.0 | 8.0 |
| Incidentals | 9.0 | 8.0 |




*Source: U.S. Travel Data Center, based on data from U.S. Bureau of Labor Statistics*

## INTERNATIONAL MARKET
## U.S. TRAVEL ABROAD

U.S. international travel activity, which peaked during the 1977-78 period, began to decline gradually in 1979 and then took a more definite downward path in 1980. Although industry suppliers serving international travelers had hoped that a much improved exchange rate would buoy the market in 1981, there was little evidence of a major recovery. As of September, U.S. citizen air departures to all foreign destinations except Canada were off 1% from prior year levels.

### U.S. Citizen Departures

22.4 million Americans visited international destinations in 1980, down 2.4% from the 23 million who traveled abroad in 1979. (1-24) U.S. arrivals in Canada — numbering 11.2 million and accounting for about one-half of the total — fell by 1%, but this decline was moderate compared to the 6% drop recorded the previous year. On the other hand, U.S. citizen departures to Mexico and overseas countries, which had increased by 6% each in 1979, demonstrated weakness in 1980. While U.S. travelers heading overseas decreased slightly to 8.2 million (down 1.2%), those selecting Mexico as a destination dropped by a significant 10%, from 3.4 million to 3.1 million. However, it should be noted that the decline in U.S. citizen travel to Mexico was attributable to fewer land arrivals, as the number of air travelers actually rose by over 6% during the year. This enabled Mexico to retain its position as the leading international destination for U.S. air travelers. (1-25)

Europe continued to attract the majority of Americans who flew to overseas countries in 1980, although its share of the market declined from 49% to 47.5%, reflecting a 4.5% drop in the absolute number of U.S. visitors. (1-26,1-30) The United Kingdom, historically the most popular European destination among U.S. travelers, experienced a fall-off of 1%. Other traditionally attractive European countries recorded even steeper erosions. In fact, of the 10 European destinations most preferred by American travelers, only West Germany registered an increase in 1980, its 17% boost traced to the Oberammergau Passion Play and to the availability of bargain air fares. (1-25)

Other world regions reported varying degrees of success in terms of U.S. arrivals during 1980. Africa, Oceania, and South America had better years, all three areas documenting growth rates exceeding 4% along with corresponding improvements in market shares. (1-26, 1-30) Although U.S. citizen travel to Israel was down 7% for the year, the entire Middle East region managed a 2% overall increase. At the high and low ends of the scale were Central America and the Far East. While the former registered a 10% drop in American visitors who were discouraged by political developments, the latter — aided by cut-rate air fares and some strong promotional efforts — posted an impressive 11% jump. The number of U.S. citizens flying to Caribbean destinations (excluding Puerto Rico and the U.S. Virgin Islands) remained flat in 1980, despite solid gains of 8% in the Bahamas and 6% in Bermuda. (1-25)

Statistics gathered by the U.S. Immigration Service for the first half of 1981 suggest another off year for American international air travel. As of the end of June, the volume of U.S. citizen traffic to points overseas was down 1.2%, with the most substantial losses recorded by Central America, Oceania, and the Caribbean. (1-27) Both Europe and South America reported minor declines of under 1% for the first half, while Africa, the Middle East, and the Far East demonstrated sustained strength. Perhaps most significant was a 2% drop in U.S. air departures to Mexico which brought the total international traffic figure down to 1.4% below the comparable 1980 period. This data supports indications of a calendar year decline of about 1% in the number of Americans traveling by air to all international destinations except Canada.

Preliminary results gathered by Statistics Canada point to an upturn in U.S. travel activity during 1981. After having steadily declined for the past seven years, the number of American stayover visitors in Canada was up by 2% to 3% through August 1981. A favorable exchange rate and lower gasoline prices are given credit for the reversal. On the other hand, it appears as if the surge in U.S. travel to Mexico has subsided for the present. Soaring annual inflation rates of about 25% have begun to push Mexican land costs beyond the means of many discretionary travelers. As of August 1981, U.S. land arrivals remained at the 1980 level for the year-to-date period, while air arrivals were still off slightly for the first three-quarters of the year.

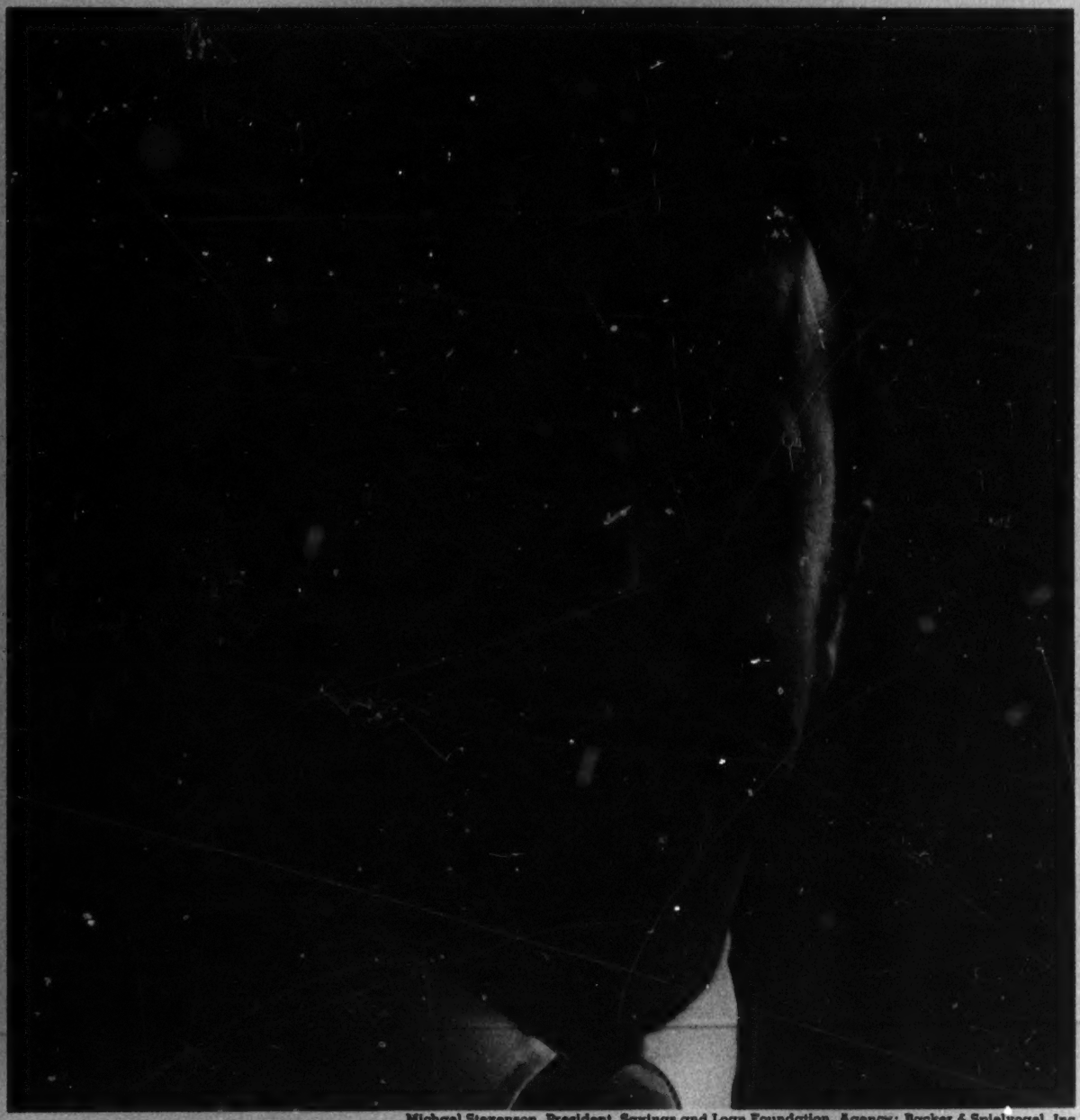
### U.S. Citizen Expenditures

American travelers abroad spent $16.5 billion in 1980, a 13% climb over 1979. (1-24) Of the total amount, $10.4 billion was devoted to destination payments and $6.1 billion was for transportation on both U.S. and foreign-flag carriers. (1-32) A further breakdown of destination expenditures shows that the bulk of the outlay, or $6 billion, benefited overseas areas, while the remaining $4.4 billion was spent in Canada and Mexico. (1-33) As for the transportation total, foreign-flag carriers continued to take the biggest share — $3.6 billion versus $2.5 billion for U.S. international airlines. (1-35)

Since the number of Americans traveling abroad was down in 1980, it is presumed that most of the stepped-up expenditures were generated by inflation — particularly with respect to air fares. The average airline ticket purchased by U.S. visitors to overseas countries was $719 in 1980, or 14% more than 1979's average fare of $628. (1-37) At the same time, the average destination expenditure for overseas travelers rose 8% — from $672 to $726 — although average U.S. citizen land payments in Europe actually increased by a more substantial 11% . (1-34)

U.S. travel expenditures in Canada accounted for 17% of all destination payments made during 1980. The $1.8 billion spent there represented a 14% increase over 1979, a growth rate which matched the previous year's. (1-32) According to the Bureau of Economic Analysis/U.S. Department of Commerce, almost one-half of the boost in American travel payments to Canada stemmed from U.S. auto travelers who spent less than 24 hours in nearby Canadian provinces. Advantageous exchange rates and lower gasoline prices attracted many U.S. citizens residing in large cities within driving distance of the border, and these travelers spent 51% more than in 1979.

# "A magazine doesn't mind a little mutilation."



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## Nothing opens your eyes like a magazine.

An increase of only 4% in U.S. citizen payments to Mexico during 1980 appears to emanate partly from a 10% reduction in U.S. visitor volume and partly from Mexican inflation rates which discouraged expenditures. Nonetheless, destination payments to Mexico represented one-fourth of the total U.S. traveler expense tab in 1980, as Americans continued to make trans-border trips in order to purchase cheaper gasoline, and the number of U.S. air arrivals hit record levels. (1-34)

Preliminary estimates from the Bureau of Economic Analysis put U.S. destination expenditures at $5.3 billion for the first half of 1981. This figure, which excludes transportation payments, is 13% higher than the comparable 1980 total and is based on notable hikes in dollars spent by Americans visiting Canada (up 15%), the United Kingdom (up 20%), and Japan (up 21%). Expenditure data for the peak third quarter of 1981 has led the United States Travel Service to project calendar year land payments of $11.65 billion (up 12%), with $6.7 billion spent in overseas countries, $2.1 billion in Canada, and $2.9 billion in Mexico.

## Travel to Europe and the Caribbean

Although 1980 witnessed a 4.5% drop in U.S. citizen traffic to Europe, the year was marked by some important shifts in passenger volume among major domestic gateways. New York, for example, retained its dominant market share (54%), but the actual number of Americans using the city as a take-off point to Europe fell by 6%. (1-28) At the same time, Atlanta recorded a noteworthy 43% jump in U.S. citizen departures to Europe, while positive results were also documented by Houston (up 26%), Los Angeles (up 17%), Miami (up 16%), and Boston (up 12%). Clearly, these gateways benefited directly from new international airline service brought about by deregulation. This trend is expected to continue, particularly in Sunbelt cities which are also attracting the U.S. population as a whole.

Certain arrival points in Europe can also trace their popularity to the initiation of new routes and the availability of competitive air fares. In 1980, Belgium registered a 21% increase in American arrivals — largely the result of bargain fares offered by Capitol Airways — while Luxembourg suffered a 61% decline in U.S. citizen traffic due to cuts in service by Icelandair. (1-26) Patterns in travel volume for the first eight months of 1981 point to further changes in the selection of European arrival points among U.S. visitors. It is assumed that these shifts stem not only from relative transportation costs but from currency exchange and inflation rates as well. By the end of August 1981, American departures to Europe were still down 1.4% against the comparable 1980 period. Of the four leading destinations, France posted a 2% increase, England a .6% rise, Germany a 4% decline, and Italy a hefty 16% drop.

This data suggests that both France and England are beginning to reap the advantages of improved exchange levels. Early statistics from Switzerland and the Scandinavian countries show similarly positive results, while those from Belgium and the Netherlands are also encouraging. Germany's decrease probably reflects distortion because of 1980's unusually heavy traffic, though fare cuts during the fall of 1981 could ultimately turn the situation around. The European Travel Commission had hoped for a 2% to 4% increase in American travelers to Europe in 1981, but the organization revised its forecast downward to a 1% or 2% decline following the PATCO strike and some unexpectedly severe decreases in August traffic. While dollar gains of up to 40% against European currencies and a recent surge in passport applications bode well for the future, recession and its impact on U.S. discretionary income is bound to have a softening effect on the market.

Historically, the Caribbean islands represent the second most popular market for American travelers overseas. In 1980, the area accounted for 28% of U.S. citizen air departures (excluding Canada and Mexico), the same share that was recorded in 1979. (1-30) In addition, the same number of U.S. arrivals — 2.3 million — was posted for the year. (1-29) During the first half of 1981, however, the market began to show signs of weakness. As of the end of June, U.S. departures to Caribbean points were almost 5% lower than first-half 1980 totals. (1-27) Specific countries which contributed to the general decline include the Bahamas (down 9%), Bermuda (down 8%), and Jamaica (down 15%) — traditionally the top three destinations for U.S. travelers.

In the past, analyses of trends relating to U.S.-Caribbean travel have relied almost exclusively on Immigration Department statistics which, by definition, exclude the high density markets of Puerto Rico and the U.S. Virgin Islands. Now, data published in the Caribbean Tourism Research and Development Centre's *North American Tourism Demand Study* reveals the importance of these destinations in terms of both numbers and market shares. (Note: The CTRC study also defines Belize, Costa Rica, and Venezuela as part of the Caribbean region. It excludes Bermuda.)

Over 1.5 million visitors originating in the U.S. traveled to Puerto Rico in 1980, fully one-third of all American arrivals in the Caribbean. (1-31) During the same year, the U.S. Virgin Islands welcomed 448,000 travelers, a 10% share of the market which put the destination just behind the Bahamas in popularity. Though no final statistics exist for 1981, it is expected that traffic to both destinations will show improvement, largely because of competitive air fares and San Juan's emergence as a major cruise departure point. Simultaneously, higher air fares, rising food costs, and the sluggish domestic economy spell an off year for non-U.S. Caribbean destinations.

## Looking Ahead

Like its domestic counterpart, the market for U.S. international travel in 1982 hinges on the magnitude of the current recession and on the availability of affordable vacation components. There are some positive signs. Advance bookings for tours and independent packages in Europe were strong during the fall of 1981. Likewise, certain off-season transatlantic air fares plunged following a competitive move by Pan Am to generate lagging traffic. Perhaps most important, industry suppliers feel that consumers have yet to fully respond to the dollar's new status overseas. Since many tour operators negotiated 1982 packages at vastly reduced rates, their optimism is based on prices that will ultimately stimulate pent-up demand.

## DEFINITIONS

Much of the statistical material on *U.S. Travel Abroad* and *Foreign Travel to the U.S.* has been gathered by the Nettleton Travel Research Center based on data from the U.S. Department of Justice, Immigration and Naturalization Service. Tables and charts which are sourced *Nettleton Travel Research Center* include the countries cited below as part of the following world regions:

*Europe* — Austria, Belgium, Canary Islands, Czechoslovakia, Denmark, East Germany, Finland, France, West Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Turkey (Europe), United Kingdom, USSR, Yugoslavia. (Note: The U.S. Department of Transportation counts the Canary Islands as part of Africa and all of Turkey as part of the Middle East.)

*South America* — Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Surinam, Uruguay, Venezuela.

*Central America* — Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama.

*Caribbean* — Anguilla, Antigua, Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, Netherlands Antilles, St. Bartholemy, St. Kitts, St. Lucia, St. Vincent, Trinidad/Tobago, Turks/Caicos. (Note: Excludes Puerto Rico and U.S. Virgin Islands.)

*Middle East* — Afghanistan, Bahrain, Cyprus, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Turkey (Asia), U.A. Emirates.

*Far East* — China (Mainland), Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Okinawa, Pakistan, Philippines, Singapore, Taiwan, Thailand. (Note: The U.S. Department of Transportation counts Indonesia as part of Oceania.)

*Oceania* — American Samoa, Australia, Christmas Islands, Cook Islands, Fiji, Gilbert/Ellis Islands, Johnston Islands, Nauru, New Caledonia, New Zealand, Papua N. Guinea, Tahiti, and U.S. Trust Islands.

*Africa* — Algeria, Cape Verde Islands, Egypt, Ethiopia, Gabon, Ghana, Ivory Coast, Kenya, Liberia, Morocco, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Togo, Tunisia.

1-24

## U.S. TRAVEL ABROAD 1980 AT A GLANCE

| | | |
|---|---|---|
| Total person trips: | 22,435,128 | (−2.4%) |
| To Canada: | 11,171,304 | (−1.0%) |
| To Mexico: | 3,087,000 | (−10.0%) |
| To Overseas:* | 8,176,824 | (−1.2%) |
| Total expenditures:** | $16.503 Billion | (+13.3%) |
| Transportation (Foreign carriers): | $3.607 Billion | |
| Transportation (U.S. carriers): | $2.504 Billion | |
| Expenditures at destinations: | $10.397 Billion | |

*Figure is for air travel only.
**Includes $2.504 billion paid to U.S. carriers for transportation abroad. This is not considered part of international travel account since these dollars remain in the U.S. Actual amount paid to foreign countries for travel abroad is $14.004 billion (+11.2%).
Source: U.S. Department of Commerce, Bureau of Economic Analysis and U.S. Travel Service; Nettleton Travel Research Center based on data from U.S. Immigration and Naturalization Service; Statistics Canada; Banco de Mexico

1-25

## TOP TWENTY DESTINATIONS FOR U.S. CITIZENS TRAVELING ABROAD 1980*

| 1980 Rank | Country | 1979 Departures | 1980 Departures | % Change 1979/80 | % of Total |
|---|---|---|---|---|---|
| 1. | Mexico | 1,693,537 | 1,797,558 | 6.1 | 18.0 |
| 2. | UK-England | 1,346,745 | 1,329,061 | −1.3 | 13.3 |
| 3. | Bahamas | 701,936 | 755,700 | 7.7 | 7.6 |
| 4. | Germany-West | 556,218 | 625,131 | 17.2 | 6.3 |
| 5. | Bermuda | 413,752 | 439,245 | 6.2 | 4.4 |
| 6. | Japan | 338,432 | 345,689 | 2.1 | 3.5 |
| 7. | Italy | 367,764 | 337,901 | −8.1 | 3.4 |
| 8. | France | 332,977 | 309,420 | −7.1 | 3.1 |
| 9. | Dominican Republic | 219,578 | 232,050 | 5.7 | 2.3 |
| 10. | Jamaica | 284,957 | 227,340 | −20.2 | 2.3 |
| 11. | Netherlands Antilles | 243,347 | 223,068 | −8.3 | 2.2 |
| 12. | Netherlands | 208,617 | 204,843 | −1.8 | 2.1 |
| 13. | Spain | 192,553 | 163,820 | −14.9 | 1.6 |
| 14. | Switzerland | 154,434 | 148,145 | −4.1 | 1.5 |
| 15. | Greece | 174,994 | 141,370 | −19.2 | 1.4 |
| 16. | Ireland | 178,663 | 135,231 | −24.3 | 1.4 |
| 17. | Israel | 134,148 | 124,332 | −7.3 | 1.2 |
| 18. | Venezuela | 104,621 | 109,851 | 5.0 | 1.1 |
| 19. | Denmark | 103,934 | 107,087 | 3.0 | 1.1 |
| 20. | Brazil | 111,199 | 106,535 | −4.2 | 1.1 |
| | **Total Top Twenty** | 7,862,439 | 7,863,517 | — | 78.9 |
| | **Grand Total** | 9,970,997 | 9,974,362 | — | 100.0 |

*Excludes Canada. Figures are for air travel only and represent first point of entry.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

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3 The Financial Post, Canadian Markets, 1981
4 Can-Test Interviewing Services Ltd., 1981 Survey

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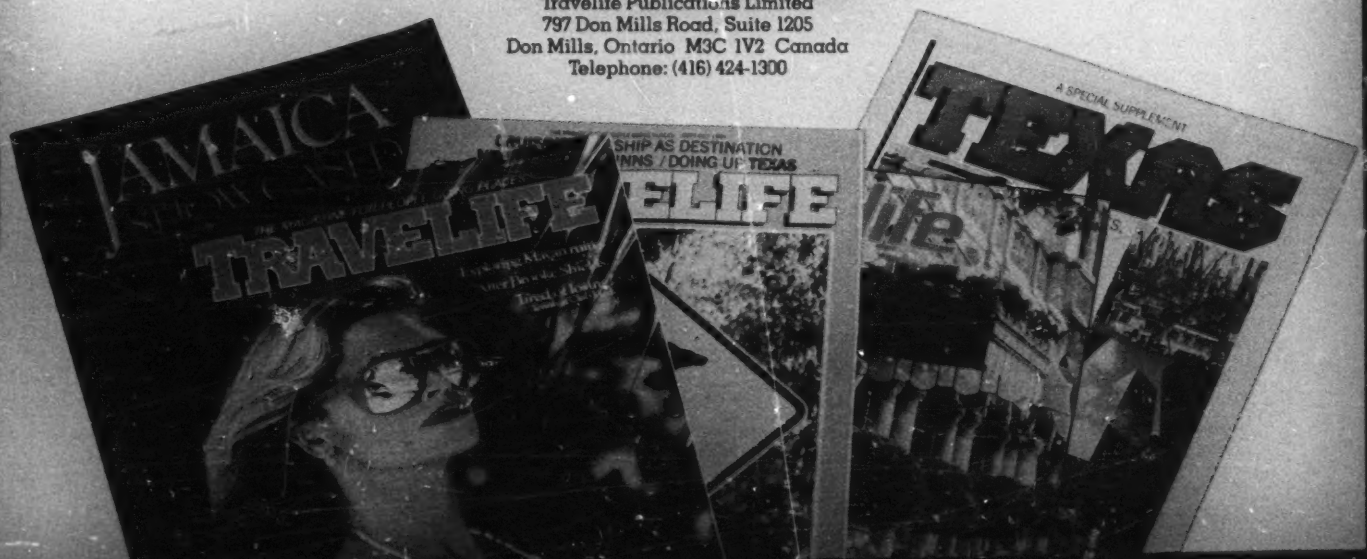


1-26

## U.S. CITIZEN AIR TRAVEL TO FOREIGN COUNTRIES BY FIRST POINTS OF ENTRY 1979 VS. 1980*

| Destination | 1979 Departures | 1980 Departures | % Change |
|---|---|---|---|
| **Europe** | 4,995,794 | 5,032,548 | +0.7 |
| Austria | 19,582 | 12,486 | −36.2 |
| Belgium | 83,848 | 101,596 | 21.2 |
| Denmark | 103,934 | 107,067 | 3.0 |
| Finland | 13,131 | 12,721 | −3.1 |
| France | 332,977 | 309,429 | −7.1 |
| Germany-West | 556,218 | 652,131 | 17.2 |
| Greece | 174,994 | 141,270 | −19.2 |
| Iceland | 43,970 | 17,739 | −59.5 |
| Ireland | 178,696 | 135,231 | −24.3 |
| Italy | 367,764 | 337,981 | −8.1 |
| Luxembourg | 35,127 | 13,602 | −61.3 |
| Netherlands | 208,617 | 204,643 | −1.9 |
| Norway | 14,928 | 17,374 | 16.4 |
| Portugal | 83,171 | 72,404 | −12.9 |
| Spain | 192,553 | 163,620 | −14.7 |
| Sweden | 24,062 | 17,711 | −26.5 |
| Switzerland | 154,434 | 148,148 | −4.1 |
| USSR | 10,669 | 993 | −90.8 |
| UK-England | 1,346,745 | 1,326,091 | −1.5 |
| Yugoslavia | 24,659 | 21,878 | −11.3 |
| **South America** | 470,153 | 490,717 | 4.4 |
| **Central America** | 273,948 | 223,181 | −18.2 |
| **Caribbean** | 2,295,482 | 2,295,973 | — |
| **Middle East** | 186,131 | 190,432 | 2.3 |
| Israel | 134,148 | 124,512 | −7.3 |
| **Far East** | 650,371 | 773,646 | 18.9 |
| Japan | 338,432 | 345,699 | 2.1 |
| **Oceania** | 253,638 | 264,268 | 4.1 |
| **Africa** | 82,585 | 86,299 | 4.5 |
| **Total Overseas** | 9,277,468 | 9,176,524 | −1.2 |
| **Mexico** | 1,693,537 | 1,797,469 | 6.1 |
| **All Countries** | 10,970,997 | 10,973,993 | — |

*Excludes Canada. 1979 figures are revised.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

1-27

## U.S. CITIZEN AIR TRAVEL TO FOREIGN COUNTRIES BY FIRST POINTS OF ENTRY FIRST HALF 1980 VS 1981*

| Destination | 1980 Departures | 1981 Departures | % Change |
|---|---|---|---|
| **Europe** | 1,583,694 | 1,582,488 | −0.8 |
| Austria | 5,732 | 2,958 | −48.4 |
| Belgium | 43,803 | 48,940 | 11.7 |
| Denmark | 46,966 | 45,956 | −2.2 |
| Finland | 6,681 | 8,899 | 33.2 |
| France | 148,206 | 148,705 | 0.3 |
| Germany-West | 294,135 | 296,218 | 0.7 |
| Greece | 66,161 | 61,854 | −6.6 |
| Iceland | 9,281 | 10,857 | 17.0 |
| Ireland | 53,211 | 56,649 | 6.5 |
| Italy | 156,063 | 132,858 | −14.9 |
| Luxembourg | 8,512 | 1,944 | −77.2 |
| Netherlands | 95,397 | 105,477 | 10.6 |
| Norway | 7,316 | 7,780 | 6.3 |
| Portugal | 31,718 | 32,324 | 1.9 |
| Spain | 81,195 | 80,776 | −0.5 |
| Sweden | 8,371 | 9,933 | 18.7 |
| Switzerland | 69,918 | 81,148 | 16.1 |
| USSR | 266 | 1,067 | 301.1 |
| UK-England | 632,218 | 628,752 | −0.6 |
| Yugoslavia | 8,846 | 7,875 | −11.0 |
| **South America** | 236,394 | 215,286 | −8.9 |
| **Central America** | 124,148 | 109,636 | −11.7 |
| **Caribbean** | 1,230,905 | 1,174,559 | −4.6 |
| **Middle East** | 90,755 | 96,379 | 6.2 |
| Israel | 59,304 | 58,529 | −1.3 |
| **Far East** | 331,875 | 368,867 | 11.2 |
| Japan | 160,332 | 170,766 | 6.5 |
| **Oceania** | 136,194 | 129,979 | −4.6 |
| **Africa** | 41,005 | 42,745 | 4.2 |
| **Total Overseas** | 3,994,183 | 3,930,883 | −1.6 |
| **Mexico** | 955,584 | 935,884 | −2.0 |
| **All Countries** | 4,949,767 | 4,866,767 | −1.4 |

*Excludes Canada.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

1-28

## U.S. CITIZEN AIR DEPARTURES TO EUROPE 1979 vs. 1980

(By Major U.S. Gateways)

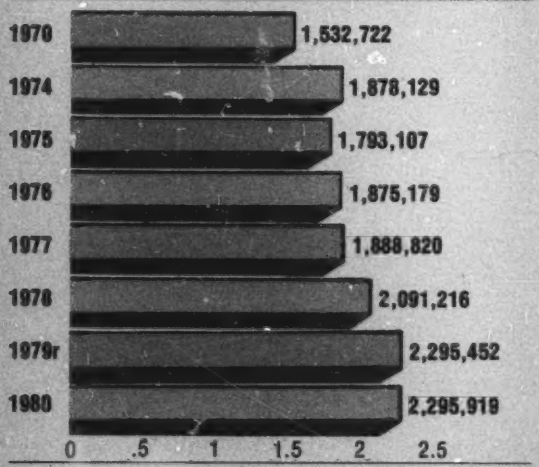
| Gateway | 1979 Departures | 1980 Departures | % Change 1979/80 | 1980 % Share of Total |
|---|---|---|---|---|
| Atlanta | 89,498 | 123,816 | 43.1 | 2.7 |
| Bangor | 66,056 | 18,380 | −72.6 | .8 |
| Boston | 358,698 | 391,528 | 11.8 | 8.2 |
| Chicago | 326,113 | 302,694 | −7.9 | 6.2 |
| Dallas | 72,115 | 76,303 | 5.8 | 1.6 |
| Detroit | 19,163 | 11,878 | −38.1 | .3 |
| Dulles | 151,219 | 132,138 | −12.6 | 3.1 |
| Houston | 48,176 | 60,691 | 26.4 | 1.6 |
| Los Angeles | 175,678 | 205,128 | 16.7 | 7.6 |
| Miami | 91,734 | 106,630 | 16.2 | 7.6 |
| Minneapolis/ St. Paul | 26,674 | 29,133 | 9.2 | .6 |
| New York | 2,329,696 | 2,192,998 | −5.9 | 53.9 |
| Philadelphia | 66,258 | 29,377 | −55.2 | .6 |
| San Francisco/ Oakland | 74,570 | 79,929 | 7.2 | 2.2 |
| Seattle | 85,712 | 81,290 | −4.6 | 2.3 |
| Total 15 Gateways | 3,985,749 | 3,846,547 | −3.5 | 96.9 |
| Total All Gateways | 4,885,754 | 5,002,548 | −4.5 | 100.0 |

*Source: Nettleton Travel Research Center based on data from U.S Department of Justice, Immigration and Naturalization Service*

1-29

## U.S. AIR TRAVELERS TO THE CARIBBEAN 1970-1980*

(Millions)



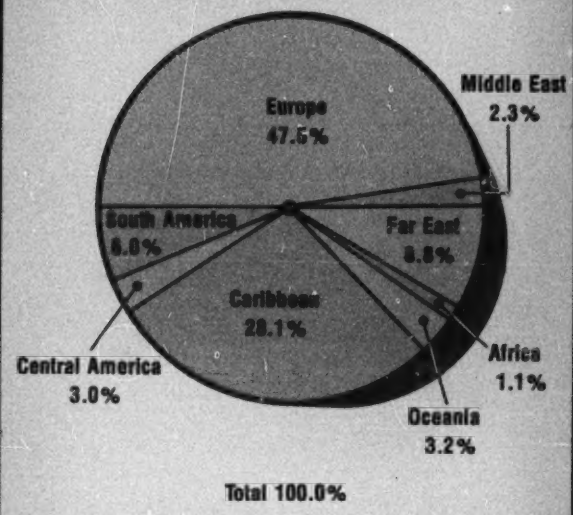

**Includes travelers to the Bahamas, Bermuda, and non-U.S. Caribbean islands. Excludes travelers to Puerto Rico and U.S. Virgin Islands.*

*r–Revised figure.*

*Source: U.S. Department of Transportation, Transportation Systems Center and Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service*

1-30

## U.S. CITIZEN AIR DEPARTURES OVERSEAS 1980 BY SHARE OF WORLD AREAS




Total 100.0%

*Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service*

1-31

## RANKING OF CARIBBEAN DESTINATIONS BY U.S. STAYOVER VISITORS 1980*

| Country | U.S. Visitors | % of Total Country Visitors | % Share of Total U.S. Visitors | Cumulative % U.S. Visitors |
|---|---|---|---|---|
| Puerto Rico | 1,560,271 | 91.9 | 33.3 | 33.3 |
| Bahamas | 884,090 | 74.6 | 18.9 | 52.2 |
| U.S. Virgin Is. | 448,409 | 90.0 | 9.6 | 61.8 |
| Venezuela | 383,625e | 46.5 | 8.2 | 70.0 |
| Jamaica | 239,662 | 80.6 | 5.1 | 75.1 |
| Dominican Republic | 206,907 | 69.4 | 4.4 | 79.5 |
| St. Maarten | 188,310 | 85.0 | 4.0 | 83.5 |
| Aruba | 110,783 | 58.6 | 2.4 | 85.9 |
| Cayman Is. | 89,936 | 74.8 | 1.9 | 87.8 |
| Barbados | 85,971 | 23.2 | 1.8 | 89.6 |
| B.V.I. | 72,000e | 60.0 | 1.5 | 91.1 |
| Haiti | 68,879e | 49.2 | 1.5 | 92.6 |
| Costa Rica | 64,864 | 18.8 | 1.4 | 94.0 |
| Trinidad & Tobago | 58,849e | 30.2 | 1.3 | 95.3 |
| Martinique | 44,715e | 28.2 | 1.0 | 96.3 |
| Antigua | 34,401 | 39.7 | 0.7 | 97.0 |
| Curacao | 24,500e | 13.7 | 0.5 | 97.5 |
| Guadeloupe | 23,600e | 20.0 | 0.5 | 98.0 |
| St. Lucia | 21,893 | 24.1 | 0.5 | 98.5 |
| Belize | 20,389e | 32.9 | 0.4 | 98.9 |
| St. Kitts/Nevis | 11,568 | 36.9 | 0.3 | 99.2 |
| St. Vincent | 10,957 | 28.5 | 0.2 | 99.4 |
| Turks & Caicos | 8,380e | 69.8 | 0.2 | 99.6 |
| Bonaire | 5,853 | 30.1 | 0.1 | 99.7 |
| Grenada | 5,767 | 23.0 | 0.1 | 99.8 |
| Montserrat | 5,944 | 38.3 | 0.1 | 99.9 |
| Dominica | 2,285 | 16.7 | 0.1 | 100.0 |
| Anguilla | n.a. | n.a. | n.a. | 100.0 |

**Includes Puerto Rico, U.S. Virgin Islands, and mainland destinations of Belize, Costa Rica, and Venezuela. Excludes Bermuda.*

*e—Estimate.*

*Source:* North American Tourism Demand Study, *Caribbean Tourism Research and Development Centre*

# EXPENDITURES OF U.S. TRAVELERS ABROAD 1970-1980

(Millions of dollars)

| | 1970 | 1975 | 1978 | 1979[1] | 1980 |
|---|---|---|---|---|---|
| Total expenses[2] | 6,180 | 10,143 | 13,155 | 14,575 | 16,508 |
| Transportation fare payments | 2,200 | 3,726 | 4,680 | 5,162 | 6,111 |
| Foreign-flag carriers | 1,215 | 2,263 | 2,896 | 3,184 | 3,607 |
| U.S.-flag carriers | 985 | 1,463 | 1,784 | 1,978 | 2,504 |
| Total travel payments in foreign countries | 3,980 | 6,417 | 8,475 | 9,413 | 10,397 |
| Canada | 1,018 | 1,306 | 1,407 | 1,599 | 1,817 |
| Mexico | 778 | 1,637 | 2,121 | 2,460 | 2,564 |
| Mexican border area | 463 | 1,047 | 1,128 | 1,291 | 1,416 |
| Overseas | 2,184 | 3,474 | 4,947 | 5,354 | 6,016 |
| Europe and Mediterranean[3] | 1,425 | 1,918 | 2,942 | 3,185 | 3,412 |
| Western Europe | 1,310 | 1,709 | 2,600 | 2,842 | 3,021 |
| United Kingdom | 293 | 404 | 771 | 826 | 903 |
| France | 160 | 226 | 287 | 355 | 383 |
| Italy | 172 | 194 | 260 | 300 | 360 |
| Switzerland | 108 | 121 | 153 | 158 | 150 |
| Germany | 148 | 174 | 220 | 283 | 322 |
| Austria | 54 | 65 | 75 | 84 | 104 |
| Denmark | 39 | 43 | 70 | 54 | 49 |
| Sweden | 24 | 29 | 52 | 38 | 42 |
| Norway | 31 | 44 | 49 | 47 | 51 |
| Netherlands | 44 | 60 | 65 | 71 | 95 |
| Belgium-Luxembourg | 22 | 39 | 37 | 50 | 44 |
| Spain | 85 | 135 | 213 | 200 | 173 |
| Portugal | 29 | 19 | 53 | 58 | 69 |
| Ireland | 42 | 55 | 110 | 115 | 103 |
| Greece | 40 | 73 | 140 | 163 | 139 |
| Other Western Europe | 19 | 28 | 45 | 40 | 34 |
| Other Europe and Mediterranean | 115 | 209 | 342 | 343 | 391 |
| Israel | 62 | 57 | 144 | 157 | 179 |
| Other | 53 | 152 | 198 | 186 | 212 |
| Caribbean and Central America | 390 | 787 | 888 | 1,019 | 1,134 |
| Bermuda | 63 | 118 | 136 | 164 | 191 |
| Bahamas | 127 | 161 | 198 | 224 | 262 |
| Jamaica | 95 | 118 | 118 | 122 | 118 |
| Other British West Indies | 44 | 103 | 153 | 190 | 189 |
| Netherlands West Indies | 18 | 97 | 114 | 138 | 157 |
| Other West Indies and Central America | 43 | 190 | 169 | 181 | 217 |
| South America | 90 | 242 | 306 | 288 | 392 |
| Other areas | 279 | 527 | 811 | 862 | 1,078 |
| Japan | 97 | 131 | 155 | 142 | 185 |
| Hong Kong | 53 | 75 | 113 | 137 | 145 |
| Australia-New Zealand | 34 | 54 | 123 | 153 | 234 |
| Other | 95 | 267 | 420 | 430 | 514 |

[1]*Revised figures.*
[2]*Includes fare payments to transoceanic carriers and shore expenditures of cruise travelers.*
[3]*Includes all European countries, Algeria, Cyprus, Egypt, Israel, Lebanon, Libya, Malta, Morocco, Syria, Tunisia, and Turkey.*
*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

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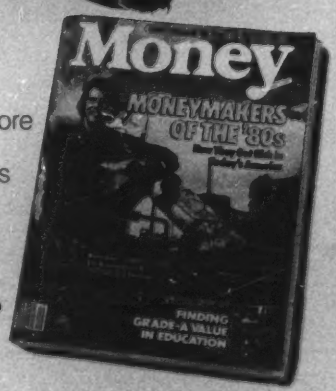
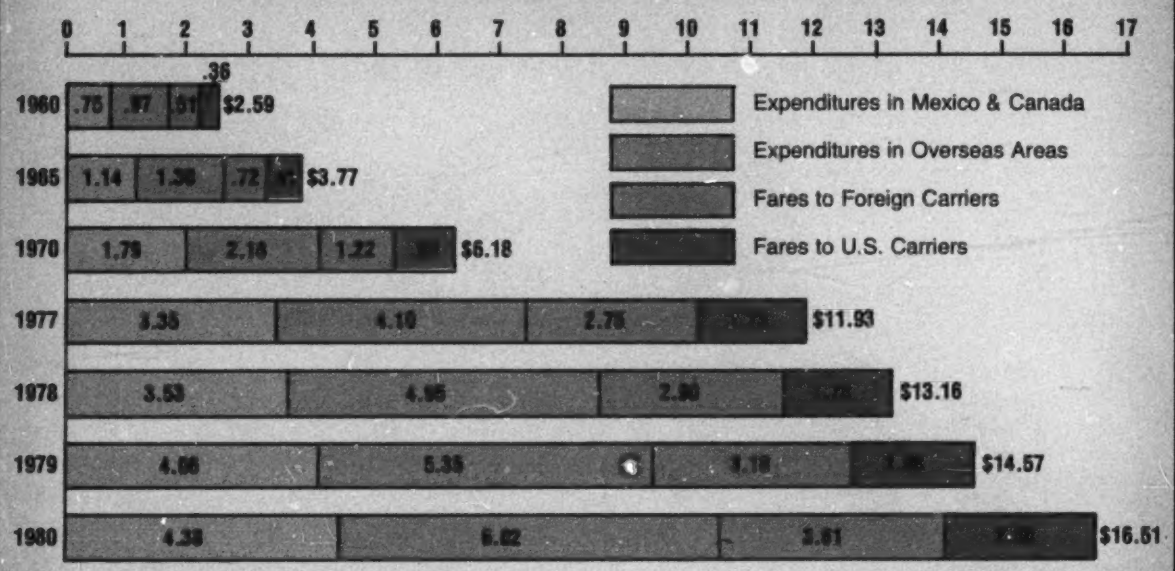


1-33

## HOW U.S. RESIDENTS SPENT THEIR FOREIGN TRAVEL DOLLARS 1960-1980*

(Billions of Dollars)




*Excludes travel by military personnel, government employees stationed abroad, and U.S. citizens residing abroad. Includes shore expenditures of cruise travelers. Excludes fares paid by emigrant aliens. 1979 figures are revised.*
*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

1-34

## AVERAGE EXPENDITURES OF U.S. TRAVELERS OVERSEAS*

(Dollars)

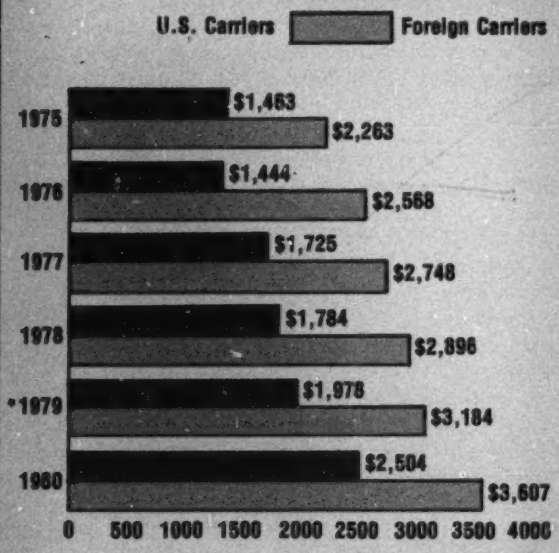
| | 1970 | 1972 | 1974 | 1976 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|---|
| **Total** | 411 | 416 | 478 | 533 | 624 | 672 | 726 |
| Europe and Mediterranean | 490 | 482 | 542 | 610 | 717 | 783 | 867 |
| Western Europe | 470 | 449 | 513 | 572 | 664 | 735 | 806 |
| United Kingdom | 215 | 229 | 300 | 356 | 447 | 511 | 572 |
| France | 161 | 179 | 240 | 282 | 325 | 378 | 431 |
| Italy | 196 | 219 | 286 | 311 | 332 | 418 | 481 |
| Switzerland | 136 | 147 | 214 | 221 | 287 | 295 | 284 |
| Germany | 160 | 170 | 216 | 243 | 288 | 328 | 409 |
| Austria | 101 | 119 | 182 | 177 | 176 | 200 | 248 |
| Denmark | 124 | 127 | 179 | 178 | 258 | 262 | 271 |
| Sweden | 135 | 148 | 197 | 240 | 244 | 279 | 311 |
| Norway | 105 | 197 | 229 | 301 | 297 | 343 | 432 |
| Netherlands | 85 | 98 | 133 | 134 | 179 | 187 | 241 |
| Belgium-Luxembourg | 74 | 83 | 127 | 121 | 159 | 196 | 191 |
| Spain | 194 | 237 | 296 | 379 | 407 | 451 | 470 |
| Portugal | 130 | 138 | 202 | 246 | 272 | 297 | 373 |
| Ireland | 183 | 190 | 270 | 331 | 372 | 414 | 431 |
| Greece | 193 | 269 | 371 | 393 | 493 | 528 | 489 |
| Other Western Europe | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Israel | 315 | 366 | 412 | 447 | 520 | 609 | 619 |
| Other | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Caribbean and Central America | 221 | 229 | 295 | 318 | 340 | 367 | 396 |
| South America | 361 | 334 | 494 | 532 | 594 | 664 | 658 |
| Other Areas | 620 | 648 | 787 | 898 | 1,007 | 1,078 | 1,064 |

*Excludes shore expenditures of cruise travelers.*
*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

1-35

## U.S. RESIDENTS' EXPENDITURES FOR OVERSEAS TRANSPORTATION 1975-1980

(Millions of Dollars)




*Revised
Source: U.S. Department of Commerce, Bureau of Economic Analysis

1-36

## BASIC PASSPORT FACTS 1980

**Total U.S. passports currently held: 15,300,000**
**1980 applications and renewals: 3,020,468**

**Passports Issued by Season**

| 1980 | Total | Percent | % Change* 79/80 |
|---|---|---|---|
| January-March | [illegible] | 27.2 | + 4 |
| April-June | [illegible] | 32.7 | – 9 |
| July-September | [illegible] | 24.0 | – 7 |
| October-December | [illegible] | 16.1 | – 5 |

**Major Areas of First Destination for Passport Holders, 1980**

| | Percent |
|---|---|
| Europe | 58.00 |
| Far East | 10.00 |
| North, Central, and South America | 18.00 |
| Mid-East | 6.00 |
| Australia/Oceania | 7.00 |
| Africa | 1.00 |
| | 100.00 |

Source: U.S. Department of State, Passport Bureau

1-37

## AVERAGE AIR FARE OF U.S. TRAVELERS OVERSEAS

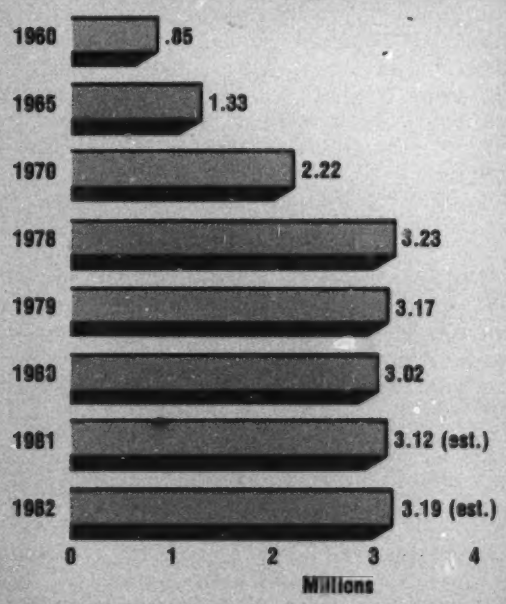
(Dollars)

| | |
|---|---|
| 1970 | 375 |
| 1971 | 379 |
| 1972 | 385 |
| 1973 | 396 |
| 1974 | 493 |
| 1975 | 545 |
| 1976 | 547 |
| 1977 | 572 |
| 1978 | 570 |
| 1979 | 628 |
| 1980 | 719 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

1-38

## GROWTH OF PASSPORTS ISSUED AND RENEWED* 1960-1982




*Renewals were eliminated Aug. 1968.
Source: U.S. Department of State, Passport Bureau

## INTERNATIONAL MARKET FOREIGN TRAVEL TO THE U.S.

The first year of the decade of the 1980s was a transitional one for U.S. international tourism. While outbound travel to Canada, Mexico, and overseas destinations declined by 2%, inbound visitors increased by 10%. Thus, the 24.5 million foreign arrivals welcomed in 1980 exceeded the 22.4 million U.S. departures abroad, altering the balance of travelers for the first time on record. (1-43)* According to data compiled by the U.S. Immigration Service, non-U.S. citizen air arrivals originating at overseas destinations totaled 9.9 million in 1980, 12% more than in 1979. During the same period, U.S. citizen air departures to points overseas dipped 1% to 8.2 million.

The international travel flow between the United States and its neighboring countries further tipped the tourism scales in 1980. For the first time ever, Canadian visitors outnumbered American travelers to Canada — 11.4 million arrivals versus 11.2 million departures. Even more dramatic was a 25% increase in Mexican visitors (3.2 million) set against a 10% decrease in U.S. travelers to Mexico (3.1 million). Although calendar year figures for 1981 will depend heavily on economic factors influencing travel volume here and abroad — notably dollar parity — preliminary statistics suggest that the market for international travel to the U.S. should remain stronger than the outbound travel market.

### Arrivals from Europe

Over 4.3 million Europeans visited the U.S. in 1980, 12% more than in 1979 and accounting for close to 44% of all overseas arrivals. (1-41,1-42) Clearly, the U.S. was most popular among travelers originating in the United Kingdom which was responsible for 1.7 million arrivals, a 20% increase over 1979. (1-46) This substantial boost in volume pushed the U.K. to the top of the list of overseas countries generating visitors to the U.S. It also created another historic first in the foreign travel market by enabling England to overtake Japan as the leading source of overseas visitors to the United States

West Germany and France followed the U.K. as major departure points for European arrivals during 1980. The 594,000 West German visitors represented a 12% increase over 1979, and the 386,000 French were 5% greater than the previous year. (1-46) A sizeable hike of 39% in the number of foreign travelers from Belgium can probably be traced to the nation's newfound status as an inexpensive transatlantic gateway. Similarly, a 4% decline in air arrivals from the Netherlands may reflect a rise in available air fares between 1979 and 1980.

Immigration data for the first half of 1981 reveals that while the rate of growth for European visitors slowed to 8% above the same 1980 period, the actual number of arrivals was up by over 1 million. (1-40) Again, the United Kingdom led other European nations in terms of both volume and growth, serving as the departure point for over 800,000 travelers, an increase of 14%. France and West Germany also sustained strength during the initial six months of the year, posting hikes of 7% and 9% respectively. The most notable declines among the leading European sources of visitors to the U.S. were reported by Italy (down 4%) and Spain (down 5%).

Comparable United States Travel Service (USTS) statistics — which attempt to isolate *tourist* arrivals — show the same 8% increase in European visitor volume for the first half of 1981. Likewise, USTS preliminary estimates on the number of tourists originating in the United Kingdom point to a 13% boost. (1-51) However, calendar year figures are expected to document the beginnings of a modest downward trend because of unfavorable exchange rates and economic weakness in some of the primary European tourist-generating countries. The British pound, for example, which was valued at $2.41 in August 1980, dropped by 22% to $1.89 in August 1981. Over the same period, the West German mark took an even bigger 27% dive against the dollar. Moreover, sharply rising transatlantic air fares and concern about the air traffic controller disruption are expected to result in some relative softness for the calendar year, although USTS forecasts remain optimistic about 12-month totals which will surpass those for 1980.

### Canadian and Mexican Visitors

One of the most unanticipated developments in the U.S. market for foreign travelers was a 6% increase in Canadian stayover arrivals during 1980. Over 700,000 more tourists from Canada were hosted that year, the 11.4 million total far surpassing earlier USTS estimates of 10.5 million. (1-43) The Travel Service traces the rebound to a resurgence in automobile traffic which had declined considerably following the gasoline shortages of 1979. Unfortunately, the growth in Canadian arrivals was not sustained during the first half of 1981 when the stayover visitor count decreased by 2%. (1-51) Although Canada is still expected to account for nearly half of all foreign tourists to the U.S. in 1981, USTS projections call for the 2% drop to remain intact for the calendar year.

*Please note that statistics on foreign arrivals in the U.S. published in this edition of Travel Market Yearbook are higher than those released by the United States Travel Service, U.S. Department of Commerce. While figures on Mexican and Canadian arrivals match USTS totals, Yearbook data on overseas visitors is based on U.S. Immigration Service (INS) statistics which identify all alien arrivals regardless of trip purpose. The higher figures are utilized here because they are in final form and represent the best hard data currently available. Unfortunately, comparable material compiled by the USTS remains in estimated form due to a slowdown in INS reporting of foreign visitors by trip purpose. Therefore, although the Yearbook includes USTS projections and preliminary estimates in tables 1-44 and 1-51, readers are alerted to the fact that overseas arrivals totals vary considerably from those in tables 1-40, 1-41, 1-43, and 1-46. Growth rates, however, are comparable.*

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Economic factors continued to benefit Mexican travelers to the States in both 1980 and 1981, as U.S. consumer prices increased only half as fast as those in Mexico. Thus, 25% more Mexican tourists poured into the U.S. during 1980, many of them to border areas where goods and services could be purchased cheaply. (1-43) Nonetheless, a simultaneous surge in air arrivals from Mexico -- which numbered 1.3 million or 40% of all Mexican visitors in 1980 — suggests that the U.S. attracted more than just shoppers and that new air routes were, in fact, stimulating traffic. (1-41,1-46)

Through the first six months of 1981, air travelers from Mexico were up 14% over the year-earlier period. (1-40) Mexican arrivals by both air and land totaled 1.8 million, a 20% increase above 1980's first half that led the USTS to forecast a very strong calendar year growth rate of 19%. This would put the Mexican visitor count at about 3.8 million for 1981, a figure which will no doubt exceed that of U.S. travelers to Mexico.

## Other Arrivals from Overseas

While visitors from Canada, Mexico, and Europe represented over 75% of all foreign arrivals during 1980, other world regions played critical roles in the inbound tourism market that year. Countries in the Far East generated close to 2 million visitors, 13% more than in 1979 and translating into a 20% share of overseas air arrivals. (1-41;1-42) Japan alone was responsible for 1.3 million travelers to the U.S. (up 3.5%), though increases of 41% in visitors from Korea and 28% in those from Hong Kong boosted the total considerably. (1-46)

Foreign departures to the U.S. from points in South America were up 25% in 1980, with Venezuela (up 26%), Colombia (up 20%), and Brazil (up 35%) accounting for the bulk of the traffic. (1-41,1-46) This impressive growth rate subsided to 8% by the end of June 1981. (1-40, 1-51) However, when calendar year data is available, the USTS expects South America to register enough of an improvement to offset any weakness in the European visitor count. As a result, the Travel Service looks forward to an overall overseas arrival figure that will surpass 1980 volume by 6%.

## Foreign Visitor Receipts

Receipts from foreign visitor spending in the United States hit a record level of $10.1 billion in 1980. This 21% increase exceeded a corresponding boost of 10% in American destination payments abroad, although the U.S. inflation rate rather than improved travel volume accounted for much of the hike. The most significant development in the foreign travel account during 1980 was the emergence of Mexico as the prime source of U.S. destination receipts. Responsible for fully 25% of foreign expenditures in this country, Mexicans spent over $2.5 billion, a 37% increase over 1979 and a total which surpassed that of Canada for the first time in history. (1-48)

According to the Bureau of Economic Analysis of the U.S. Commerce Department (BEA), the high Mexican receipts were largely the result of a 42% climb in expenditures of $1.6 billion in the U.S. border region. As previously mentioned, a relatively low inflation rate made the U.S. more attractive to Mexican consumers. However, the BEA also notes that concern about a potential devaluation of the peso may have sparked conversion of Mexican currency into dollars at border areas.

Following a drop in 1979, Canadian visitor receipts pushed ahead 16% to total $2.4 billion in 1980. At the same time, travel expenditures generated by arrivals from overseas jumped 17% to $5.1 billion. (1-48) The faster growth rate for overseas receipts, versus overseas visitors, between 1979 and 1980 can be traced to U.S. inflation as reflected in average expenditures. In 1979, the average destination payment was $605. By 1980, it hit $662, a 9% increase, (1-49) Nonetheless, the comparable expense for U.S. travelers overseas remained higher, implying that many foreign visitors found the U.S. more affordable than other destinations. (1-45)

Preliminary estimates compiled by the BEA for the first half of 1981 show a 13% improvement in foreign visitor spending at U.S. destinations. Receipts totaled $5.4 billion by the end of June, with Canadian payments up 6% and those from Latin America and Western Europe up 24% and 14% respectively. (1-39) Like the calendar year visitor count, the final receipts figure hangs on late season travel statistics which have yet to be determined. Commerce Department projections call for a reduced though respectable growth rate of 15% in destination payments of $11.65 billion for the full 12 months of 1981.

## Balance of Travel Payments

Not unexpectedly, fewer outbound travelers and more foreign arrivals combined to produce a narrower gap in the 1980 U.S. international travel account. In analyzing the balance of payments, it is important to recognize that the account is divided into two parts — destination payments made within host countries and transportation fare payments made to both U.S. and foreign-flag carriers. During 1980, outlays for U.S. international travel (including transportation) increased across the board, but a growth rate of 21% in foreign receipts versus 12% in U.S. expenditures produced a $700 million reduction in the lingering U.S. deficit which dropped from $2.6 billion to $1.8 billion. (1-50)

The 1980 destination account alone reveals that foreign visitor spending of $10.1 billion represented a $1.8 billion increase over 1979, while U.S. payments abroad of $10.4 billion surpassed the previous year's figure by only $1 billion. Thus, the destination deficit fell to $307 million, a remarkable 72% reduction which brought this part of the account down to a record low. However the 1980 transportation balance did not fare as well, the deficit actually rising by 3% to $1.55 billion. This happened despite a 22% hike in receipts from foreign visitors using U.S. carriers, an advance which was not enough to offset a 13% rise in payments made by much greater numbers of U.S. citizens traveling on foreign airlines.

The BEA calculates that between 1979 and 1980, the share of the U.S. travel deficit attributable to the destination account fell from 42% to 16%. At the same time, the transportation portion of the deficit

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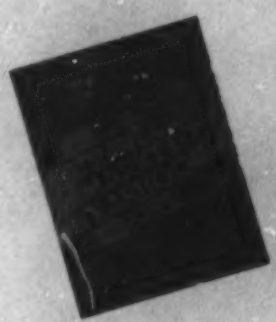

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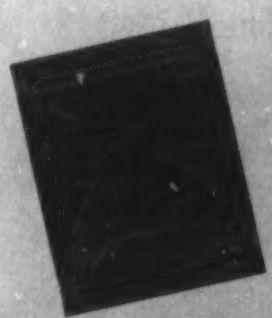


climbed from 58% to 84%. Data available for the first half of 1981 relates only to expenditures made at destinations, but it already shows further improvement in the balance of travel payments. U.S. citizen outlays of $5.3 billion abroad set against foreign visitor receipts of $5.4 billion put the U.S. $100 million ahead by the end of June. (1-39) It appears likely, according to Commerce Department projections, that the calendar year 1981 destination account will reach equilibrium, while the transportation balance will reveal a further deficit.

## Outlook for Inbound Tourism

There is little doubt among industry observers that the recent surge in foreign visitors to the U.S. caught most domestic suppliers by surprise. Although inflation, recession, and currency fluctuations have combined to slow the growth rate for overseas arrivals from 28% between 1977 and 1978 to an estimated 6% between 1980 and 1981, the emergence of the United States as a prime international destination bodes well for the future. Moreover, steps taken by both public and private sectors during 1980 and 1981 suggest that the industry is finally recognizing the economic magnitude of the U.S. market for foreign travelers.

The ability of the U.S. to retain its expanded base within the international travel market depends, to a great extent, on promotional efforts and improved services. With respect to the latter, important inroads have already been made. Several major hotels, for example, have hired multilingual personnel, printed signs and directories in foreign languages, developed new menus, altered restaurant and room service hours to accommodate foreign dining schedules, and created international desks which offer currency exchange and informational facilities. Similar changes have been instituted at the sites of primary tourist attractions and recreation centers.

It is in the marketing arena, however, that U.S. efforts have fallen far short of those made by the more sophisticated tourism arms of other international host countries. While the recent upgrading of the United States Travel Service to the U.S. Travel and Tourism Administration promises more recognition for the domestic travel industry as a whole, the agency's $8.6 million budget for fiscal 1982 can hardly be viewed as a panacea. Still, the new federal entity — headed by its own under secretary, aided by an assistant secretary for marketing — has been mandated to develop an inbound promotional campaign in conjunction with state and local tourist offices, convention bureaus, and private suppliers. Although definitive action has yet to be taken, it is hoped that the economic resources and expertise of these and other interested groups will result in a national tourism brochure financed by advertising from travel industry sources. In the meantime, most major promotions remain in the hands of independent tour operators, and the market's immediate prospects are still closely linked to the personal referrals of satisfied foreign visitors.

1-39

### U.S. INTERNATIONAL TRAVEL ACCOUNT FIRST HALF 1981*

(Millions of Dollars)

| Region/Country | Travel Receipts | % Change 1980/81 | Travel Payments | % Change 1980/81 | Balance |
|---|---|---|---|---|---|
| Canada | $1,427 | 5.5 | $ 740 | 14.7 | $ +687 |
| Latin America | 1,904 | 23.5 | 1,751 | 9.9 | +156 |
| Other Western Hemisphere | 145 | 11.5 | 556 | 16.1 | −411 |
| Western Europe | 995 | 13.7 | 1,401 | 8.9 | −446 |
| (U.K.) | (240) | (13.7) | (480) | (19.7) | (−240) |
| Japan | 425 | 6.8 | 114 | 21.3 | +311 |
| Australia, New Zealand, S. Africa | 172 | 7.5 | 175 | 63.6 | −3 |
| Other | 375 | 7.8 | 558 | 11.2 | −183 |
| TOTAL | $5,406 | 13.3 | $5,305 | 12.7 | $ +101 |

*Preliminary estimates from Bureau of Economic Analysis. Excludes international passenger fare receipts and payments.
Source: United States Travel Service, U.S. Department of Commerce

1-40

## NON-U.S. CITIZEN AIR ARRIVALS FIRST HALF 1980 VS. 1981*

| Origin | 1980 Arrivals | 1981 Arrivals | % Change |
|---|---|---|---|
| **Europe** | [illegible] | 1,994,784 | 8.2 |
| Belgium | [illegible] | 65,506 | 4.3 |
| Denmark | [illegible] | 78,078 | −2.3 |
| France | [illegible] | 173,409 | 8.7 |
| Germany-West | [illegible] | 285,677 | 7.4 |
| Italy | [illegible] | 97,889 | −4.8 |
| Netherlands | [illegible] | 111,299 | 7.9 |
| Spain | [illegible] | 61,572 | −4.6 |
| Switzerland | [illegible] | 81,078 | 13.7 |
| UK-England | [illegible] | 621,121 | 14.0 |
| **South America** | [illegible] | 607,933 | 6.1 |
| Brazil | [illegible] | 108,436 | 6.9 |
| Colombia | [illegible] | 121,720 | 8.5 |
| Venezuela | [illegible] | 185,961 | 19.1 |
| **Central America** | [illegible] | 189,109 | 0.6 |
| **Caribbean** | [illegible] | 652,533 | 8.5 |
| Bahamas | [illegible] | 144,318 | 1.1 |
| Dominican Republic | [illegible] | 144,097 | 11.9 |
| Jamaica | [illegible] | 113,124 | 21.6 |
| **Middle East** | [illegible] | 65,132 | [illegible] |
| Israel | [illegible] | 34,383 | 3.8 |
| **Far East** | [illegible] | 1,019,540 | 5.6 |
| Hong Kong | [illegible] | 71,464 | 10.1 |
| Japan | [illegible] | 654,264 | 0.2 |
| Korea | [illegible] | 77,609 | 1.2 |
| **Oceania** | [illegible] | 203,473 | −1.4 |
| Australia | [illegible] | 84,720 | −4.2 |
| New Zealand | [illegible] | 54,942 | −5.3 |
| **Africa** | [illegible] | 45,448 | 18.2 |
| **Total Overseas** | [illegible] | 4,777,946 | 7.1 |
| **Mexico** | [illegible] | 654,910 | 14.1 |
| **All Countries** | [illegible] | 5,432,856 | 7.9 |

*Excludes Canada. Figures include all alien air arrivals, regardless of trip purpose, and are based on last point of departure.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

1-41

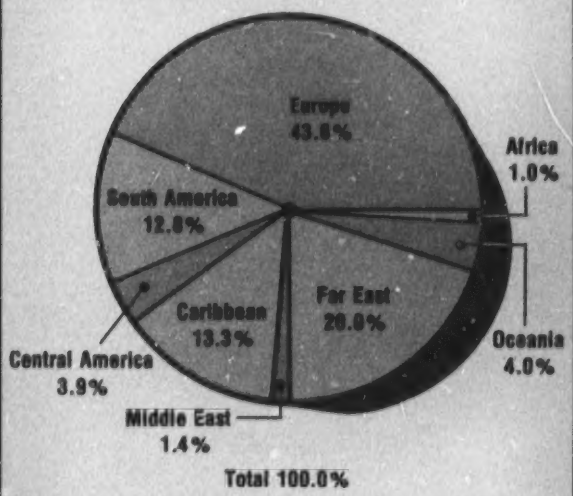
## NON-U.S. CITIZEN AIR ARRIVALS IN THE U.S. BY GEOGRAPHIC AREA*

| Area of Origin | 1979 | 1980 | % Change |
|---|---|---|---|
| **Europe** | [illegible] | 4,332,513 | 11.7 |
| **South America** | [illegible] | 1,276,167 | 25.8 |
| **Central America** | [illegible] | 393,399 | .6 |
| **Caribbean** | [illegible] | 1,322,540 | 4.4 |
| **Middle East** | [illegible] | 136,372 | −7.6 |
| **Far East** | [illegible] | 1,984,122 | 13.2 |
| **Oceania** | [illegible] | 394,179 | 6.3 |
| **Africa** | [illegible] | 99,722 | 31.7 |
| **Total Overseas** | [illegible] | 9,939,004 | 11.6 |
| **Mexico** | [illegible] | 1,323,313 | 24.8 |
| **Total Air Arrivals** | [illegible] | 11,263,317 | 12.9 |

*Excludes Canada. Figures include all alien air arrivals, regardless of trip purpose, and are based on last point of departure.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service.

1-42

## OVERSEAS AIR ARRIVALS 1980 BY SHARE OF WORLD AREAS*




*Figures are based on all alien air arrivals regardless of trip purpose, and on last point of departure.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

1-43

## FOREIGN ARRIVALS AND U.S. CITIZEN DEPARTURES 1979 VS. 1980

| Foreign Visitor Arrivals (000)* | [illegible] | 1980 | % Change |
|---|---|---|---|
| Overseas | [illegible] | 9,930 | +11.6 |
| Mexico | [illegible] | 3,200 | +24.5 |
| Canada | [illegible] | 11,384 | +6.2 |
| Total | [illegible] | 24,514 | +10.5 |
| **U.S. Citizen Departures (000)**** | **1979** | **1980** | **% Change** |
| Overseas | 8,277 | 8,177 | – 1.2 |
| Mexico | 3,430 | 3,087 | –10.0 |
| Canada | 11,273 | 11,171 | – 1.0 |
| Total | [illegible] | 22,435 | – 2.4 |

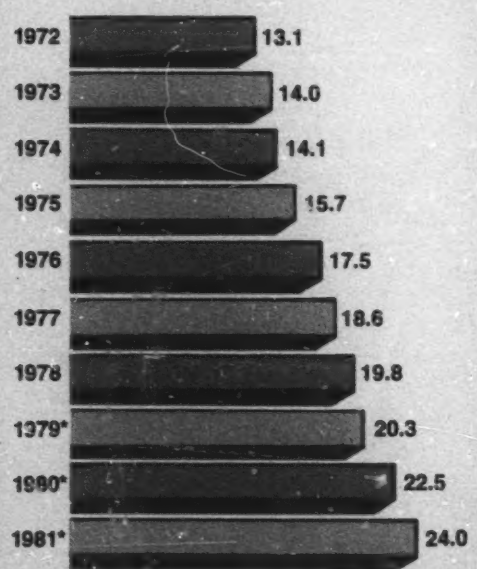
*Arrivals from Mexico are U.S. Travel Service estimates. Figures for overseas arrivals are based on Immigration and Naturalization Service data and include all non-U.S. citizen air arrivals regardless of trip purpose. U.S. Travel Service estimates, which attempt to identify foreign tourist arrivals from overseas, are 7.0 million for 1979 and 7.9 million for 1980 (+12.7%). Using these figures, foreign visitors would total 20.3 million in 1979 and 22.5 million in 1980 (+10.8%). See table 1-44.

**Reflects total U.S. citizen air travel to overseas countries. Excludes sea/cruise departures.

Source: U.S. Department of Commerce, U.S. Travel Service and Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

1-44

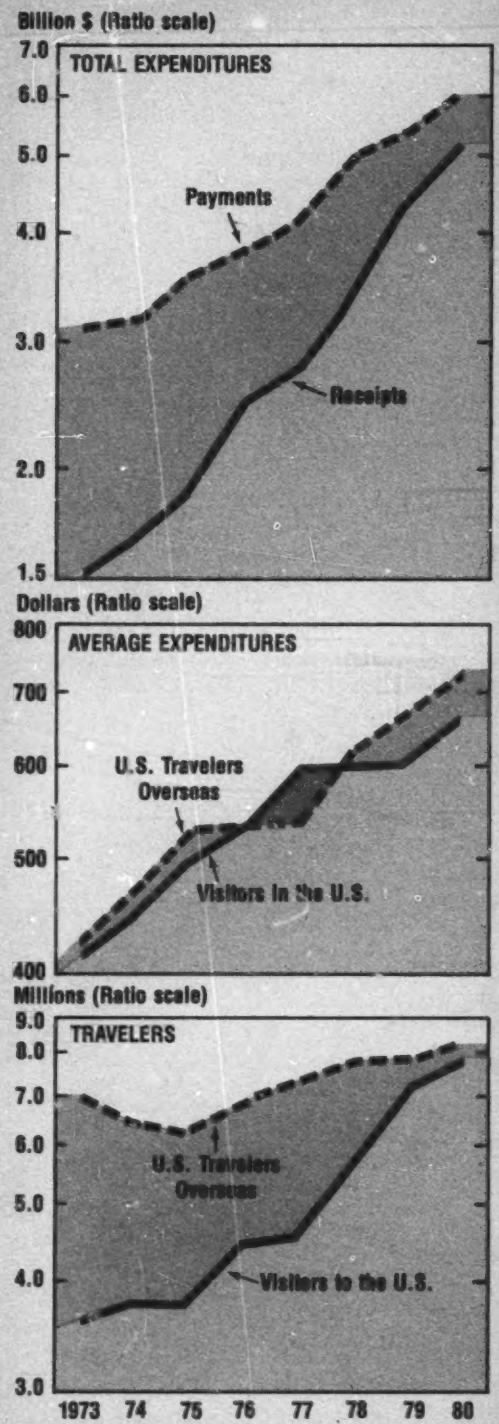
## FOREIGN TOURISTS TO U.S. 1972-1981
(Millions)




*Estimates
Source: U.S. Department of Commerce, U.S. Travel Service

1-45

## U.S. TRAVEL OVERSEAS AND FOREIGN TRAVEL TO U.S. GROWTH OF TRAVELERS AND EXPENDITURES




Source: U.S. Department of Commerce, Bureau of Economic Analysis

## NON-U.S. CITIZEN AIR ARRIVALS FROM FOREIGN COUNTRIES 1980*

| 1980 Rank | Country | 1979 Arrivals | 1980 Arrivals | % Change 1979/80 | % of Total |
|---|---|---|---|---|---|
| 1. | UK-England | 1,434,126 | 1,722,376 | 20.1 | 15.3 |
| 2. | Japan | 1,285,528 | 1,329,936 | 3.5 | 11.8 |
| 3. | Mexico | 1,067,524 | 1,323,313 | 24.0 | 11.7 |
| 4. | Germany-West | 531,703 | 593,898 | 11.7 | 5.3 |
| 5. | Venezuela | 345,458 | 434,124 | 25.7 | 3.8 |
| 6. | France | 367,924 | 385,971 | 4.9 | 3.4 |
| 7. | Bahamas | 282,806 | 314,297 | 11.1 | 2.8 |
| 8. | Dominican Republic | 258,029 | 266,196 | 3.9 | 2.4 |
| 9. | Italy | 237,792 | 239,836 | .9 | 2.1 |
| 10. | Colombia | 197,910 | 236,605 | 19.6 | 2.1 |
| 11. | Netherlands | 245,059 | 235,064 | −4.1 | 2.1 |
| 12. | Jamaica | 218,856 | 213,736 | −2.3 | 1.9 |
| 13. | Brazil | 154,849 | 209,695 | 35.4 | 1.9 |
| 14. | Switzerland | 167,490 | 169,188 | 1.0 | 1.5 |
| 15. | Denmark | 151,919 | 166,793 | 9.8 | 1.5 |
| 16. | Australia | 157,378 | 164,731 | 4.7 | 1.5 |
| 17. | Korea | 116,347 | 163,763 | 40.8 | 1.4 |
| 18. | Spain | 139,315 | 158,768 | 14.0 | 1.4 |
| 19. | Belgium | 112,064 | 155,156 | 38.5 | 1.4 |
| 20. | Hong Kong | 103,814 | 132,652 | 27.8 | 1.2 |
| | **Total Top Twenty** | 7,575,991 | 8,616,100 | 13.8 | 76.5 |
| | **Grand Total** | 9,967,020 | 11,253,317 | 12.9 | 100.0 |

*Excludes Canada. Figures are for air travel only and represent last point of departure.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

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*The dynamic Tampa Bay market is comprised of Hillsborough, Pasco and Pinellas Counties.

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1-48

## U.S. RECEIPTS FOR INTERNATIONAL TRAVEL*

(Millions of Dollars)

| | 1970 | 1975 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| **Total U.S. travel receipts** | 2,331 | 4,697 | 7,186 | 8,335 | 10,096 |
| Canada | 859 | 1,561 | 2,248 | 2,092 | 2,429 |
| Mexico | 583 | 1,311 | 1,459 | 1,869 | 2,554 |
| U.S. border area | 520 | 972 | 954 | 1,160 | 1,648 |
| Total overseas | 889 | 1,825 | 3,479 | 4,374 | 5,108 |
| Western Europe | 318 | 611 | 1,323 | 1,667 | 1,942 |
| United Kingdom | 51 | 144 | 303 | 375 | 469 |
| France | 39 | 68 | 140 | 180 | 218 |
| Germany | 67 | 145 | 333 | 440 | 500 |
| Italy | 29 | 41 | 70 | 84 | 96 |
| Netherlands | 19 | 36 | 84 | 97 | 108 |
| Sweden | 14 | 23 | 54 | n.a. | n.a. |
| Switzerland | 15 | 32 | 72 | n.a. | n.a. |
| Other | 84 | 122 | 262 | n.a. | n.a. |
| Caribbean and Central America | 170 | 206 | 322 | 375 | 417 |
| South America | 164 | 303 | 660 | 793 | 977 |
| Other areas | 237 | 705 | 1,174 | 1,539 | 1,772 |
| Japan | 101 | 410 | 539 | 699 | 774 |

*Excludes travel transport account.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

1-49

## AVERAGE EXPENDITURES OF OVERSEAS VISITORS IN U.S. BY AREA OF ORIGIN

(Dollars)

| | 1970 | 1975 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| **Total** | 389 | 497 | 604 | 605 | 662 |
| Western Europe | 323 | 407 | 533 | 532 | 578 |
| Caribbean and Central America | 351 | 431 | 458 | 429 | 499 |
| South America | 516 | 692 | 854 | 797 | 836 |
| Other | 472 | 560 | 650 | 686 | 759 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis

1-50

## INTERNATIONAL TRAVEL ACCOUNT 1980

(Millions of Dollars)

| | | |
|---|---|---|
| **Total travel and passenger fare payments** | 14,884 | (+ $1.4 billion) |
| U.S. expenditures at foreign destinations | 10,397 | (+ $1.0 billion) |
| U.S. payments to foreign carriers | 3,607 | (+ $ .4 billion) |
| **Total travel and passenger fare receipts** | 12,143 | (+ $2.1 billion) |
| Foreign visitors expenditures in U.S. | 10,090 | (+ $1.8 billion) |
| Foreign payments to U.S. carriers* | 2,053 | (+ $ .4 billion) |
| **Net travel and passenger fare payments** | 1,881 | (– $ .7 billion) |

*Excludes fares paid by foreigners to U.S. carriers for transportation between two foreign points.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

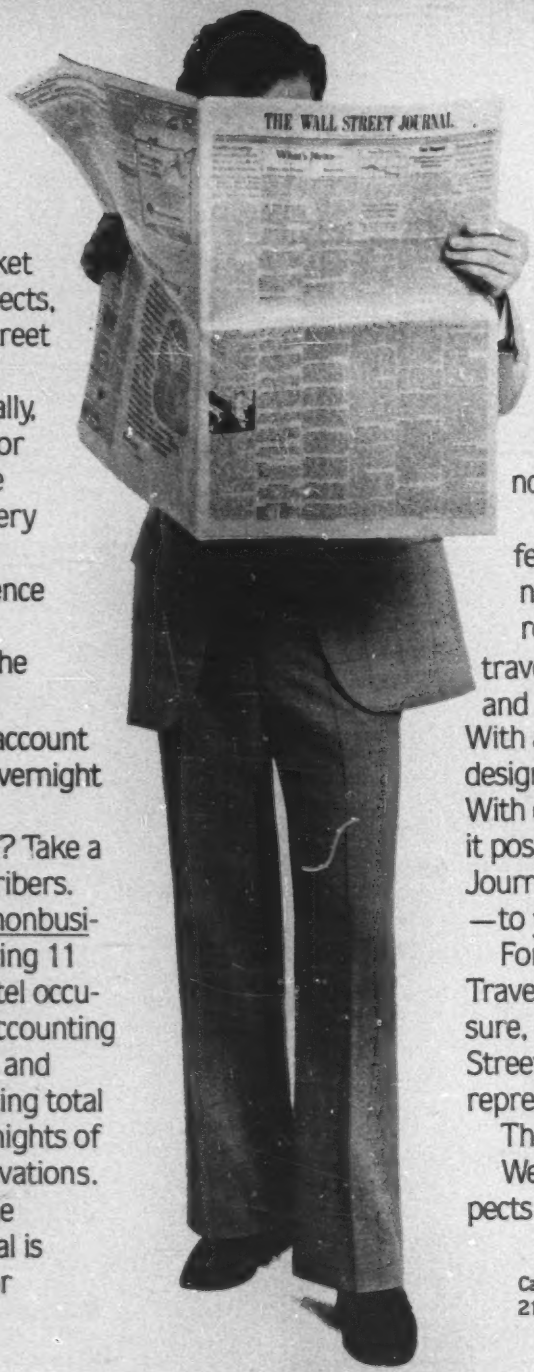
1-51

## INTERNATIONAL TOURIST ARRIVALS* FIRST HALF 1981

| Origin | Arrivals (000) | % Change 1980/81 | % Share of Total |
|---|---|---|---|
| **Canada** | 5,020 | –2 | 48 |
| **Mexico** | 1,834 | 20 | 18 |
| **Overseas** | 3,600 | 7 | 34 |
| Europe | 1,580 | 8 | 15 |
| U.K. | 519 | 13 | 5 |
| Germany | 324 | 5 | 3 |
| France | 147 | 9 | 1 |
| S. America | 515 | 8 | 5 |
| Venezuela | 170 | 17 | 2 |
| Asia | 920 | 5 | 9 |
| Japan | 530 | — | 5 |
| Other Overseas | 585 | 5 | 6 |
| **TOTAL** | 10,454 | 5 | 100 |

*Preliminary estimates except Canada.
Source: United States Travel Service, U.S. Department of Commerce; Statistics Canada

# Are America's most frequent travelers hiding behind this front page?

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# THE CONSUMER

## DEMOGRAPHICS

Most demographers agree that the shape and size of the nation's consumer marketplace has been most critically affected by at least three well-documented trends — the aging of the population, substantial changes in both the size and structure of households, and the increased participation of women in the work force. Accompanying these trends are shifts in the population to Sunbelt areas, increasing deurbanization, and the accelerated seeking of higher educational attainment. While data reported by the 1980 census shows strong evidence of the geographical changes among the population over the last decade, descriptions of socioeconomic characteristics of individuals and households have been delayed due to budgetary constraints. However, much ongoing survey work provides sufficient clues to the present and emerging patterns in the consumer marketplace.

### Population Growth and Age Distribution

The 1980 census of the U.S. resident population recorded 226.5 million persons, nearly 12% more than were counted in the 1970 census. The rate of growth actually increased in the latter part of the decade, due to higher immigration levels and a reversal of the declining birth rate, and the final count exceeded earlier forecasts by approximately 4.5 million persons. Future projections, now adjusted to reflect the higher totals, forecast a population of 250 million by 1990, a growth of about 1% per annum in the decade. 1982 population will be in excess of 230 million. (2-01)

The age distribution of the 1980 population amply illustrates the effects of the high birth rate of the post-World War II era, a span of 20 years in which nearly 80 million persons were born. Throughout the previous decade, young adults in the 25 to 34-year age group grew at the rate of more than 1 million each year, numbering 37 million in 1980. Many of these "baby boomers" are now progressing into the next older age group, 35-44 years, causing this group to expand by 43% between 1980 and 1990. The bloc of people in the combined 25 to 44-year segment, generally considered to be the most active in terms of personal spending, will grow by nearly 16 million in this decade.

Renewed growth at either end of the age spectrum is also expected in the coming years. Family formations associated with the fast-growing 25 to 44-year population will generate an "echo effect" of children whose numbers under the age of 10 years will increase by 15% during this decade. Persons aged 65 and over will increase by an even faster rate, 21%, between 1980 and 1990, in response to ever-improving health care and longevity. (2-01)

### Household Growth

The 1980 census found slightly more than 80 million households in the U.S., and projections indicate that this total will increase to 97 million by 1990. Approximately seven out of 10 households are now identified as family households — i.e., married couples with or without children, or two or more related persons living together. While these remain the most important segment of the total marketplace, most attention has recently been cast on the rapid expansion of non-family households comprised of persons living alone or with non-related individuals. Census sources report that single-person households of people under 35 years of age increased 232% between 1970 and 1980. In 1980, all non-family households totaled 21 million, and these will increase another 41% by 1990 when they will account for one out of three spending units. (2-02)

Ancillary to the multiplying of households is their diminishing average size. In 1980, there were 275 persons of all ages for every 100 households. By 1990, every 100 households will contain only 248 persons — a reduction attributed not only to lower fertility rates but also to the rise of single-person households. (2-03) Nonetheless, the declining marriage rates of the 1970s have stabilized in the last few years as the population has further matured. In fact, 1980 saw a record 2.4 million marriages resulting from the sheer influx of people now found in the prime first-time marriage years. Although the divorce rate continues to rise, this too has become more moderate in recent years as the population bulge promotes the concept of

delayed marriage. The rate of divorce among married women is now one-third the size of the marriage rate among women of the same age; in 1970 the proportion was one-fifth. (2-09)

## Education and Occupation

The present 25 to 44-year age segment enjoys significantly higher educational status than did their parents of three or so decades ago. Census reports state that as of 1980, well over one-third of this prime marketing target had been to college. Among the 25-and-over population at large, the number who had attended or graduated college swelled from 23 million in 1970 to 41 million in 1980 and promises to grow by 50% to 61 million strong in 1990. (2-10,2-11)

Despite a general decline in the college-age population, enrollments in college reached almost 12 million in 1981 and will be sustained at that level for the next several years. A major reason for continued strength in the college market is the growing participation of women, who now outnumber men in freshman classes on campus. Women are also more likely to participate in the proliferating educational programs devoted to older students.

The effect of a more concentrated focus on women's educational status is felt in their larger influence and participation in the employment ranks. In 1980, more than half of all women over the age of 16 were in the labor force, numbering 45 million or 43% of the total working population. While the work force in total is expected to increase by 14 million during this decade, 70% of this gain will be attributed to women. Some of the reasons for this phenomenon are the more demanding economic requirements of households in which supplementary incomes sustain a desired standard of living; a growth in the number of households headed by divorced women or women who have postponed marriage or childbearing; and a larger sense of involvement with the world outside the home triggered by educational achievements and a new focus on self-fulfillment. All of these have provided women with far more options than ever before, and census data shows that the number of women managers in the work force doubled in the years between 1972 and 1980.

## Geographical Shifts

The 1980 census recorded substantial population gains by states in the West and South compared with 1970 population levels. 42% of the total growth during the past decade was concentrated in just three states — California, Texas and Florida. (2-13) The South and West will continue to outstrip other parts of the country in projected growth by two-to-one over the coming years and by 1990, the Sunbelt states will contain 54% of the nation's population. (2-12) Employment opportunities for younger workers as well as the environmental and social benefits of these areas for the growing ranks of retired persons underscore these gains.

The census also confirmed that non-metropolitan areas throughout the nation grew more rapidly than metropolitan areas as population continued to dwindle in the central cities. Presently, 28% of the population are central city residents, and this is expected to erode to 23% by 1990. (2-12) At that time, one-third of the nation — seeking less expensive housing and new job opportunities — will live in non-metropolitan locations. Retirees are also expected to relocate in less populated areas.

## Household Income

Among all households in 1980, 32% enjoyed incomes of $25,000 or more, a proportion that is expected to grow to 38% by 1985 and to 45% by 1990, assuming no inflation. (2-04) Such higher-income households will increase by 18 million or 70% during the 1980s. (2-05) The major influence on this growth is the widening base of the population that is moving into the peak earning years between the ages of 25 and 54. Householders in the 45 to 54 age groups, for example, average a 30% higher income than do families as a whole. (2-07)

A major contribution to expanded household income is the earnings of working wives. Two-income families have risen 25% in the last 10 years, surpassing single-earner families by 1976. Over one-half of all married couples now constitute two-income households, and two-thirds of all working women are occupied full-time. Earnings of families in which both husband and wife work average 42% higher than that of families in which the wife is not in the labor force. (2-06) Women workers with higher qualifications and skills promise to contribute even larger shares of household income as the decade progresses.

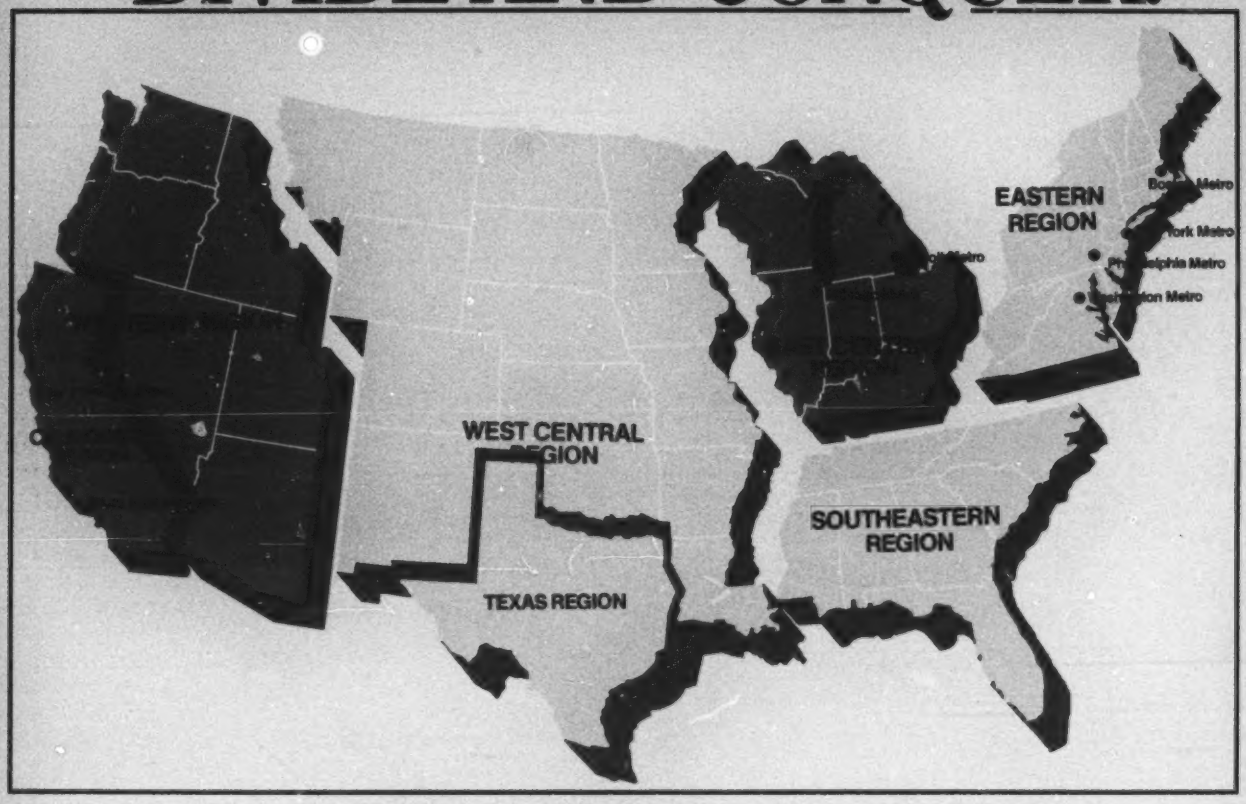
Despite this generally rosy outlook, not all household types are expected to reap substantially higher incomes throughout the 1980s. Retired persons on fixed incomes, for example, and single person households composed of younger, unskilled workers may find their resources squeezed in the coming years. There is also growing evidence that the vast middle-class of former generations is breaking into a dichotomy of "haves" and "have-nots". In aggregate, personal incomes will rise, but there is much concern about its distribution.

## Consumer Spending in the Future

While projections of future income levels may conveniently wash out the threatening effects of inflation, it was an unfortunate fact that in 1980, personal income gains were completely eroded by the sharper rise in the consumer price index. Real income declined, for the first time since 1974, by 6%. However as the rate of inflation fell to approximately 8% in 1981, consumer confidence and spending rebounded somewhat.

The stimulus given to consumer spending by the Economic Recovery Act of 1981 is still unknown, but by most demographic measures, the outlook for larger consumer expenditures in the remaining years of this decade is bright. As the population matures and assumes higher per-capita affluence, it should be able to better cope with its fundamental personal and family-based needs. The cultural and social environment in which these most-active consumers were nurtured will likely lead them to pursue greater satisfactions in both leisure and working hours. With a greater flexibility brought about by larger incomes and fewer home-related obligations, we may naturally expect to see proportionately higher levels of discretionary spending in the coming years.

# DIVIDE AND CONQUER.

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2-01

## POPULATION GROWTH BY AGE

| Age | Millions | | | % Change | |
|---|---|---|---|---|---|
| | 1980 | 1985 | 1990 | 1980-1985 | 1985-1990 |
| Under 10 | 33.0 | 35.2 | 37.9 | +7 | +8 |
| 10-19 | 39.4 | 36.8 | 37.0 | −7 | +1 |
| 20-24 | 21.3 | 20.1 | 17.6 | −6 | −12 |
| 25-34 | 37.1 | 40.9 | 42.2 | +10 | +3 |
| 35-44 | 25.6 | 31.4 | 36.7 | +23 | +17 |
| 45-54 | 22.8 | 22.7 | 25.8 | 0 | +14 |
| 55-64 | 21.7 | 22.5 | 21.7 | +4 | −4 |
| 65 and over | 25.5 | 28.2 | 30.8 | +11 | +9 |
| **TOTAL** | **226.5** | **237.8** | **249.7** | **+5** | **+5** |

*Source: Bureau of the Census; Ziff-Davis Research Department*

2-02

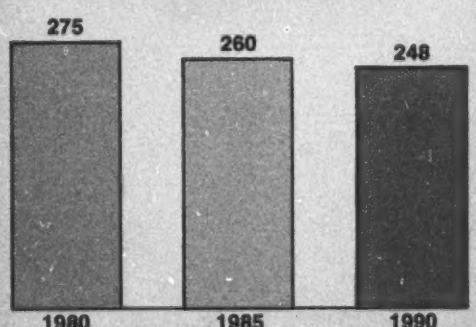
## HOUSEHOLD GROWTH

| | Millions | | | % Change | |
|---|---|---|---|---|---|
| | 1980 | 1985 | 1990 | 1980-1985 | 1985-1990 |
| Family Households | 59.4 | 63.6 | 67.5 | +7 | +6 |
| Non-family Households | 21.0 | 25.6 | 29.7 | +22 | +16 |
| **Total Households** | **80.4** | **89.2** | **97.2** | **+11** | **+9** |

*Source: Bureau of the Census; Ziff-Davis Research Department*

2-03

## HOUSEHOLD SIZE
(Persons per 100 Households)




*Source: Bureau of the Census; Ziff-Davis Research Department*

2-04

## HOUSEHOLDS BY INCOME DISTRIBUTION*

| | 1980 | 1985 | 1990 |
|---|---|---|---|
| UNDER $10,000 | 28% | 25% | 21% |
| $10,000-$14,999 | 15 | 13 | 12 |
| $15,000-$24,999 | 25 | 24 | 22 |
| $25,000 AND OVER | 32 | 38 | 45 |
| TOTAL | 100% | 100% | 100% |

**Constant 1980 dollars.*
*Source: Bureau of the Census; Ziff-Davis Research Department*

2-05

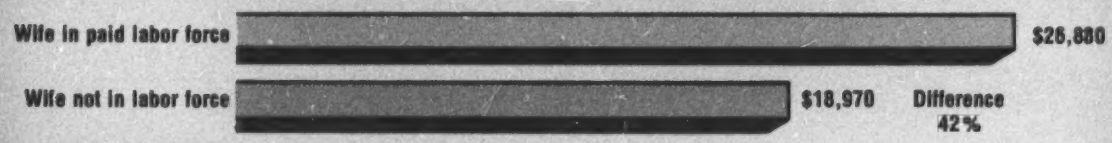
## HOUSEHOLD GROWTH BY INCOME*

| Income | Millions | | | % Change | |
|---|---|---|---|---|---|
| | 1980 | 1985 | 1990 | 1980-1985 | 1985-1990 |
| Under $10,000 | 22.5 | 22.3 | 20.4 | −1 | −9 |
| $10,000-$14,999 | 12.1 | 11.6 | 11.7 | −4 | +1 |
| $15,000-$24,999 | 20.1 | 21.4 | 21.4 | +6 | 0 |
| $25,000 And Over | 25.7 | 33.9 | 43.7 | +32 | +29 |
| **Total** | **80.4** | **89.2** | **97.2** | **+11** | **+9** |

*Constant 1980 dollars.
*Source: Bureau of the Census; Ziff-Davis Research Department*

2-06

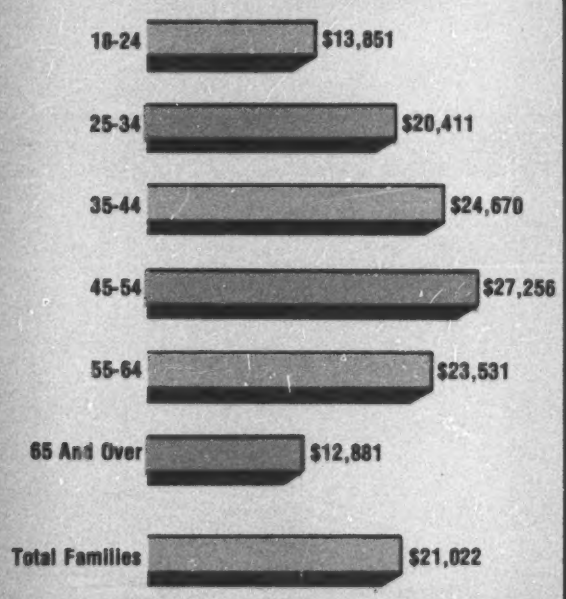
## MEDIAN MONEY INCOME OF HUSBAND-WIFE FAMILIES*




*1980 dollars.
*Source: Bureau of the Census*

2-07

## 1980 MEDIAN FAMILY INCOME BY AGE OF HOUSEHOLDER




*Source: Bureau of the Census*

2-08

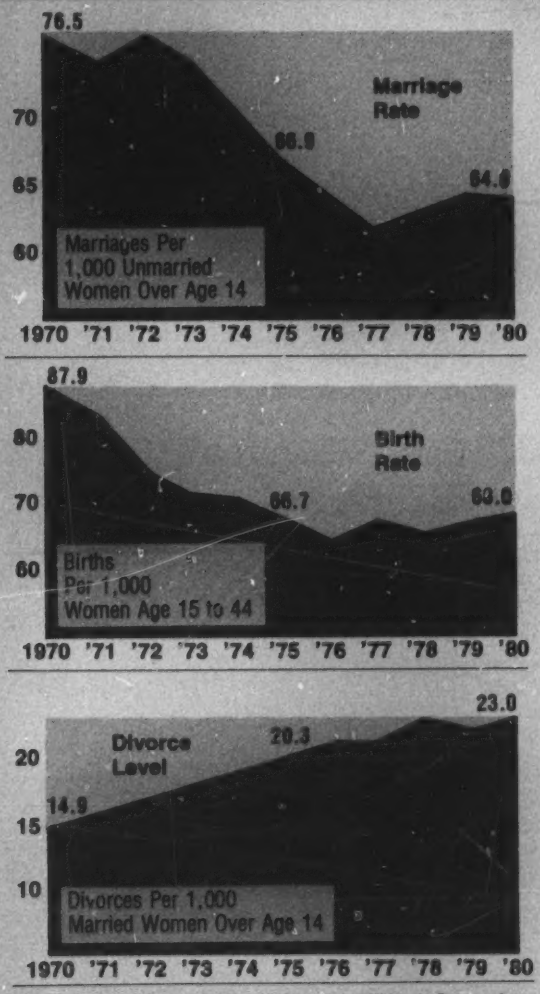
## COMPOSITION OF THE WORK FORCE

| Occupation | 1980 | 1985 | 1990 |
|---|---|---|---|
| White Collar | 52% | 53% | 53% |
| Blue Collar | 32 | 31 | 30 |
| Service Workers | 13 | 14 | 15 |
| Farm Workers | 3 | 2 | 2 |
| **Total Employed Workers** | **100%** | **100%** | **100%** |
| **Sex** | | | |
| Men | 57% | 55% | 54% |
| Women | 43 | 45 | 46 |
| **Total Labor Force** | **100%** | **100%** | **100%** |

*Source: Bureau of the Census; Ziff-Davis Research Department*

## FAMILY STATISTICS

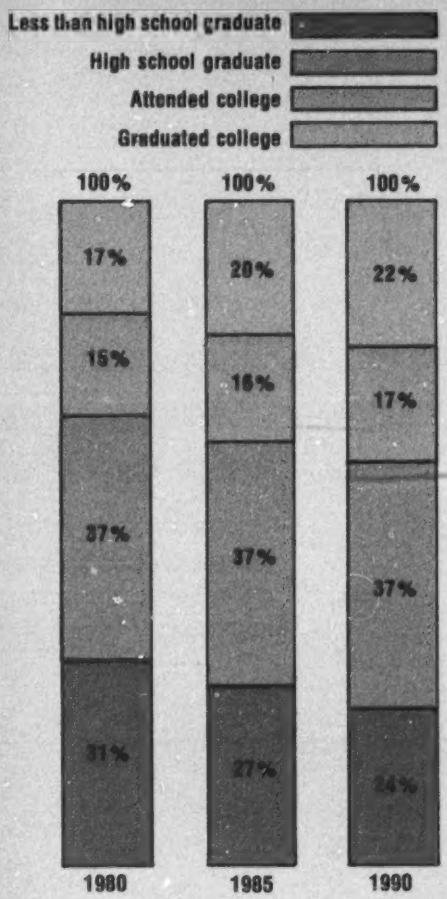
2-09




*Source: National Center for Health Statistics; Ziff-Davis Research Department*

## EDUCATIONAL ATTAINMENT*

2-11




**Ages 25 and over.*
*Source: Bureau of the Census; Ziff-Davis Research Department*

## GROWTH IN THE COLLEGE-EDUCATED POPULATION*

2-10

| Graduated College | | Attended or Graduated College | |
|---|---|---|---|
| | Millions | | Millions |
| 1970 | 12.0 | 1970 | 23.2 |
| 1975 | 16.2 | 1975 | 30.7 |
| 1980 | 21.7 | 1980 | 40.8 |
| 1985 | 29.1 | 1985 | 52.5 |
| 1990 | 34.6 | 1990 | 61.3 |

**Ages 25 years and older.*
*Source: Bureau of the Census; Ziff-Davis Research Departme..t*

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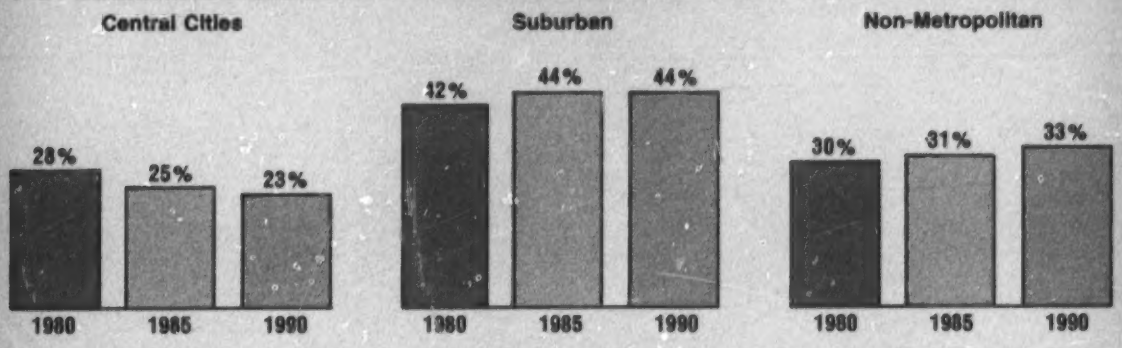
2-12

## POPULATION SHIFTS
## (Urbanization)




## POPULATION SHIFTS BY REGION

| Region | Millions | | | % Change | |
|---|---|---|---|---|---|
| | [illegible] | 1985 | 1990 | [illegible] | 1985-1990 |
| Northeast | 49 | 50.1 | 51.3 | +2 | +2 |
| North Central | 59.0 | 60.8 | 62.8 | +3 | +3 |
| South | 75.3 | 80.7 | 86.5 | +7 | +7 |
| West | 43.2 | 46.2 | 49.1 | +7 | +6 |
| Total Population | 226.6 | 237.8 | 249.7 | +5 | +5 |

*Source: Bureau of the Census; Ziff-Davis Research Department*

2-13

## POPULATION SHIFTS BY STATE

| | [illegible] Population (000) | 1990 Population (000) | Percentage Change 1980-90 | | [illegible] Population (000) | 1990 Population (000) | Percentage Change 1980-90 | | [illegible] Population (000) | 1990 Population (000) | Percentage Change 1980-90 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Alabama | 3,890 | 4,330 | 11.3 | Kentucky | 3,661 | 4,040 | 10.4 | Ohio | 10,797 | 11,210 | 3.8 |
| Alaska | 400 | 450 | 12.5 | Louisiana | 4,204 | 4,590 | 9.2 | Oklahoma | 3,025 | 3,510 | 16.0 |
| Arizona | 2,718 | 3,610 | 32.8 | Maine | 1,125 | 1,280 | 13.8 | Oregon | 2,633 | 3,130 | 18.9 |
| Arkansas | 2,286 | 2,680 | 17.2 | Maryland | 4,216 | 4,640 | 10.1 | Pennsylvania | 11,897 | 12,050 | 1.5 |
| California | 23,669 | 28,800 | 13.2 | Massachusetts | 5,737 | 6,030 | 5.1 | Rhode Island | 947 | 940 | –0.7 |
| Colorado | 2,889 | 3,610 | 25.0 | Michigan | 9,258 | 9,920 | 7.2 | S. Carolina | 3,119 | 3,560 | 14.1 |
| Connecticut | 3,103 | 3,300 | 6.2 | Minnesota | 4,077 | 4,430 | 8.7 | S. Dakota | 690 | 740 | 7.2 |
| Delaware | 595 | 650 | 9.2 | Mississippi | 2,520 | 2,780 | 9.5 | Tennessee | 4,591 | 5,150 | 12.2 |
| District of | | | | Missouri | 4,916 | 5,270 | 7.2 | Texas | 14,229 | 16,550 | 16.3 |
| Columbia | 638 | 600 | –6.0 | Montana | 787 | 950 | 20.7 | Utah | 1,461 | 1,800 | 23.2 |
| Florida | 9,740 | 12,290 | 26.2 | Nebraska | 1,570 | 1,730 | 10.2 | Vermont | 511 | 570 | 11.5 |
| Georgia | 5,464 | 6,080 | 11.3 | Nevada | 783 | 1,030 | 28.9 | Virginia | 5,346 | 6,190 | 15.8 |
| Hawaii | 965 | 1,130 | 17.1 | New Hampshire | 921 | 1,130 | 22.7 | Washington | 4,130 | 4,450 | 7.7 |
| Idaho | 944 | 1,220 | 29.2 | New Jersey | 7,364 | 7,750 | 5.2 | W. Virginia | 1,950 | 2,030 | 4.1 |
| Illinois | 11,418 | 11,770 | 3.1 | New Mexico | 1,299 | 1,600 | 23.1 | Wisconsin | 4,705 | 5,230 | 11.2 |
| Indiana | 5,490 | 5,790 | 5.5 | New York | 17,557 | 17,620 | 0.4 | Wyoming | 471 | 620 | 31.6 |
| Iowa | 2,913 | 3,060 | 5.7 | N. Carolina | 5,874 | 6,600 | 12.4 | | | | |
| Kansas | 2,363 | 2,560 | 9.2 | N. Dakota | 653 | 720 | 10.3 | U.S. Total | 226,546 | 249,700 | 10.2 |

*Source: Bureau of the Census; Ziff-Davis Research Department*

## PROFILE OF THE U.S. TRAVELER

In 1978, the first survey conducted by the Travel Pulse Research Service identified 43% of the U.S. adult population as travelers. That is, 63 million Americans age 18 or over made a roundtrip of at least 200 miles that included either air transportation or paid accommodations, or which was a cruise trip, during a 12-month period in 1977-78.* Since, that time, the number of consumers participating in the travel market has grown considerably — a 21% increase in travelers marking the peak 1978-79 period, then a more modest 4% rise in 1979-80 as consumers responded to economic pressure.

The material which follows is based on the findings of 1979-80 Travel Pulse research and represents the most recent account of consumer travel patterns, traveler demographics, and attitudes toward the travel experience. Comparable information for the 1980-81 period is not available.** The focus here, therefore, is on identifiable trends in consumer travel behavior as well as on the size and character of the market.

### Traveler Statistics

Over half (54%) of the total U.S. population age 18 and over, or 83 million people, traveled during a 12-month period in 1979-80. (2-15) Although the number of international travelers (14 million) showed no change compared to the previous year, there were increases in domestic pleasure (65 million), domestic business (18 million), and domestic personal (16 million) travelers. (2-14) Domestic pleasure travel remained the most popular type of trip, attracting 42% of the population, while domestic business travel demonstrated the greatest growth — from 10 million or 7% of the population in 1978-79 to 18 million or 12% of the population in 1979-80. (2-17)

Among domestic pleasure travelers, only those taking short trips (1-5 days) increased in number. Fully one-fourth of the population, 38 million people, took short domestic pleasure trips in 1979-80. (2-23) It is worth pointing out that in the past, such trips were labeled "weekend" rather than "short," since they tended to last a maximum of three days and to serve as one of a series of "mini-vacations." However, in 1979-80, these trips averaged four or five days in length and appeared to act as a substitute for traditional one-week holidays. The fact that the number of domestic pleasure travelers who booked weeklong or extended vacations actually dropped from prior year levels reinforces this theory.

### Trip Statistics

Along with the increase in the number of Americans traveling during 1979-80 came an increase in the number of trips they took — up to 316 million from 276 million in 1978-79 and 170 million in 1977-78. (2-18) But between the last two years covered by the Travel Pulse survey, the number of discretionary trips actually declined. While 162 million domestic pleasure trips (59% of all trips) were recorded in 1978-79, 122 million (38% of all trips) were posted for 1979-80. (2-16) Every category of domestic pleasure travel lost in terms of trip numbers, for despite an influx of travelers taking short vacations, there was a significant drop in trip frequency which stemmed the volume of pleasure travel across the board. Whereas discretionary trips had averaged 2.8 per year among domestic pleasure travelers surveyed in 1978-79, they were down to 1.9 per year in 1979-80. (2-19)

Accounting for the overall gain in travel volume registered during the 1979-80 period was the nondiscretionary market — that is, business travel. In addition to the greater number of business travelers identified in 1979-80, there was an impressive rise in business trip frequency — up from 6.9 to 8.2 trips annually. (2-19) As a result, the number of business trips totaled 145 million in 1979-80 and represented a dramatic 46% of all trips taken that year. (2-16)

The significant growth of both travelers and trips within the business travel category was sparked by a variety of factors. Undoubtedly, there was a greater need for face to face exchanges as companies found themselves coping in a complex and competitive business environment under changing economic conditions. There was also the commonplace dispersion of many company offices out of costly urban centers, an expanded meetings and convention market, and a tendency to use business travel as a "perk" for younger, less experienced employees. (A more detailed discussion of Travel Pulse statistics pertaining to business travel is contained in the following section on *The Business Traveler.*)

International travel experienced some growth in terms of frequency during 1979-80. While the actual number of international travelers remained flat, the average number of trips per year edged up from 1.2 to 1.4, causing an increase of 2 million trips over the previous year's 17 million level. (2-18, 2-19) It is presumed, however, that the rise was largely a function of international trips taken for business purposes.

### Traveler Demographics

When compared to nontravelers or to the general population, travelers represent a substantially upscale segment. As a group, they are better educated, more affluent, and are more likely to be from households headed by white collar workers. (2-20) These demographic characteristics point to a more traditional market — i.e., those at the higher end of the socio-economic scale — than that defined in 1978-79,

**Travel Pulse is a multi-sponsored annual study that tracks changes and trends in consumer behavior that affect the travel market. Produced by Travel and Tourism Consultants International, its findings are based on personal interviews with a sample of 7,000 U.S. adults. The results are nationally projectable. See Definitions following text for clarification of meanings of trip, traveler, and various trip types as they apply to Travel Pulse research.*

***In 1981, Travel Pulse was taken over by Opinion Research Corporation which plans to issue an annual report on 1981 consumer travel activity in the spring of 1982. Sponsors of the private study will also receive quarterly reports on consumer travel behavior and intentions. Further information on ORC research is contained in the* Bibliography *of this edition.*

when discount air fares and promotional pricing created a more democratic atmosphere for travelers. Higher prices and difficult economic times have, no doubt, been responsible for the change.

The overall demographic profile of travelers described here appears to cut across all traveler segments, regardless of trip purpose or destination. Some noteworthy differences, however, do exist. Specifically, business travelers are the youngest and most upscale of traveler groups. They are predominantly male, although the proportion of women has increased steadily over the years. International travelers are also more upscale, but do not skew in terms of sex. Not unexpectedly, they tend to be the oldest as a group. (2-21)

Taken together, domestic pleasure travelers closely parallel all travelers with respect to basic demographic characteristics. However, contrary to 1978-79 profiles, those who took "short" vacations in 1979-80 were the least affluent of domestic travelers and the most likely to come from blue collar households. (2-22) This is not surprising, given economic circumstances and the greater affordability of shorter trips. As for the more upscale domestic vacationers who had been heavy "weekend" travelers in 1978-79 — it would appear that many of them extended the length of their trips to fall within the week-long category. In keeping with earlier demographic profiles, travelers who took extended trips in 1979-80 continued to be somewhat older and were more often retired.

## Trends for 1982

The many variables which affect the consumer market for travel point to a somewhat difficult period in the near term. There are, of course, factors beyond the control of travel marketers — rising costs, economic uncertainty, energy problems, political unrest — that impact on travel plans and result in fewer trips, shorter trips, and reduced expenditures. But other inhibitors, problems over which marketers should have control, are changing the consumer's perception of the travel experience. These are the "hassles" of travel — the delays, the baggage problems, the overbooking, et al.

In 1978 and 1979, about two-thirds of the people interviewed by Travel Pulse researchers agreed with the statement, "I love to travel and do so whenever I can." In 1980, that proportion had fallen to under one-half. Moreover, in 1980, almost twice as many people — about one in four adults — agreed that while they like to travel, they end up doing other things because of the "hassles" involved.

These sentiments represent warning signals for the travel industry, an industry in which destinations, hotels, airlines, and other suppliers compete not only with each other for travelers' dollars but with nontravel entities as well. There is a real danger that if travel becomes too much of a hassle, too anxiety-ridden, and too problematic, potential travelers will turn to other interests and other ways of spending whatever discretionary money and time they have. Travel Pulse findings continue to demonstrate that travelers engage in a much broader range of leisure pursuits than do nontravelers. (2-25) While many of these activities are enhanced by the travel experience, they are not necessarily dependent on it.

The future, however, is not altogether cloudy. In spite of the perceived hassles and the notion that travel has become less personalized and more oriented toward a mass market, the consumer's essential need to travel remains strong. People continue to signal that the pressures of daily life create a greater need to "get away," even for short periods. And research shows that people increasingly want fun, excitement, adventure — the new and different. They also want service and comfort, convenient products and services, and value for their money.

In light of these findings, it seems that the travel industry must work harder than ever before to create satisfied customers. Travel continues to hold a high place in consumers' perception of the good life, but there are some warning signs, particularly given the current economic environment, that require attention if the travel market is to continue to prosper.

## DEFINITIONS

The following definitions apply to all research produced by the Travel Pulse Research Service:

*Trip* — A trip must be at least 200 miles, roundtrip, and must include air fare or paid accommodations for at least one night; or the trip must be by cruise ship. A trip may be domestic or international; for business, personal, or pleasure reasons.

*Traveler* — A person who has taken one or more trips according to the above definition.

*Nontraveler* — A person who has not taken a trip within the past 12 months according to the above definition of a trip. This does not mean that the person has never traveled, nor does it mean that he/she has not taken a past 12 month trip outside the limits of this definition.

*International Travel* — Includes travel that is for any purpose (pleasure, business, or personal) where the primary destination is outside the 48 coterminous United States.

*Domestic Extended Pleasure Travel* — Includes travel, encompassing 11 or more days, that is primarily for pleasure purposes, where the primary destination is within the 48 coterminous United States.

*Domestic Weeklong Pleasure Travel* — Includes travel, encompassing 6 to 10 days, that is primarily for pleasure purposes, where the primary destination is within the 48 coterminous United States.

*Domestic Short Pleasure Travel* — Includes travel, encompassing up to 5 days, that is primarily for pleasure purposes, where the primary destination is within the 48 coterminous United States.

*Domestic Business Travel* — Includes travel that is primarily for business reasons (even though pleasure or personal matters may have been included) where the primary destination is within the 48 coterminous United States.

*Domestic Personal Travel* — Includes travel that is primarily for personal reasons (e.g., look for an apartment, attend a funeral, a job interview, etc.) where the primary destination is within the 48 coterminous United States.

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Travel Pulse is a service of Opinion Research Corporation.

2-14

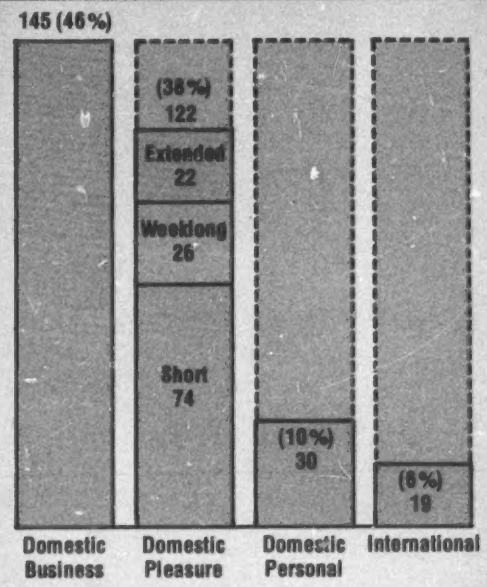
## THE CONSUMER MARKET FOR TRAVEL 1979-80

| | Total Population | Total Travelers |
|---|---|---|
| | % | (Millions) |
| **Traveled in past year** | 54 | (83) |
| International | 9 | (14) |
| Domestic Pleasure | 42 | (65) |
| Extended | 12 | (19) |
| Weeklong | 14 | (22) |
| Short | 25 | (38) |
| Domestic Business | 12 | (18) |
| Domestic Personal | 11 | (16) |

*Source: Travel Pulse Research Service 1979-80*

2-15

## TOTAL TRIPS TAKEN BY U.S. TRAVELERS*
Total Trips (316 Million)

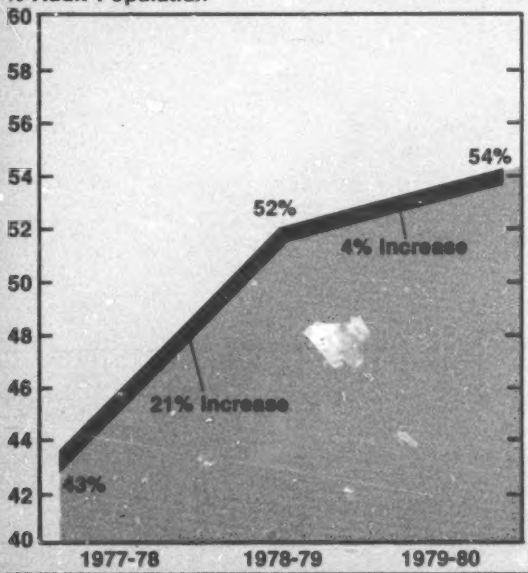



*12 months 1979/80.
*Source: Travel Pulse Research Service 1979-80*

2-15

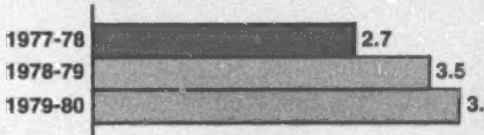
## GROWTH OF U.S. CONSUMER TRAVEL MARKET 1977-78 TO 1979-80

U.S. Travelers As Percent of Adult Population

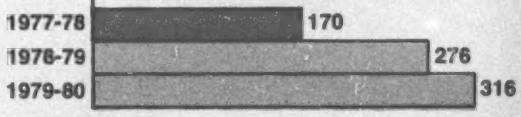



Total Number of Travelers (Millions)

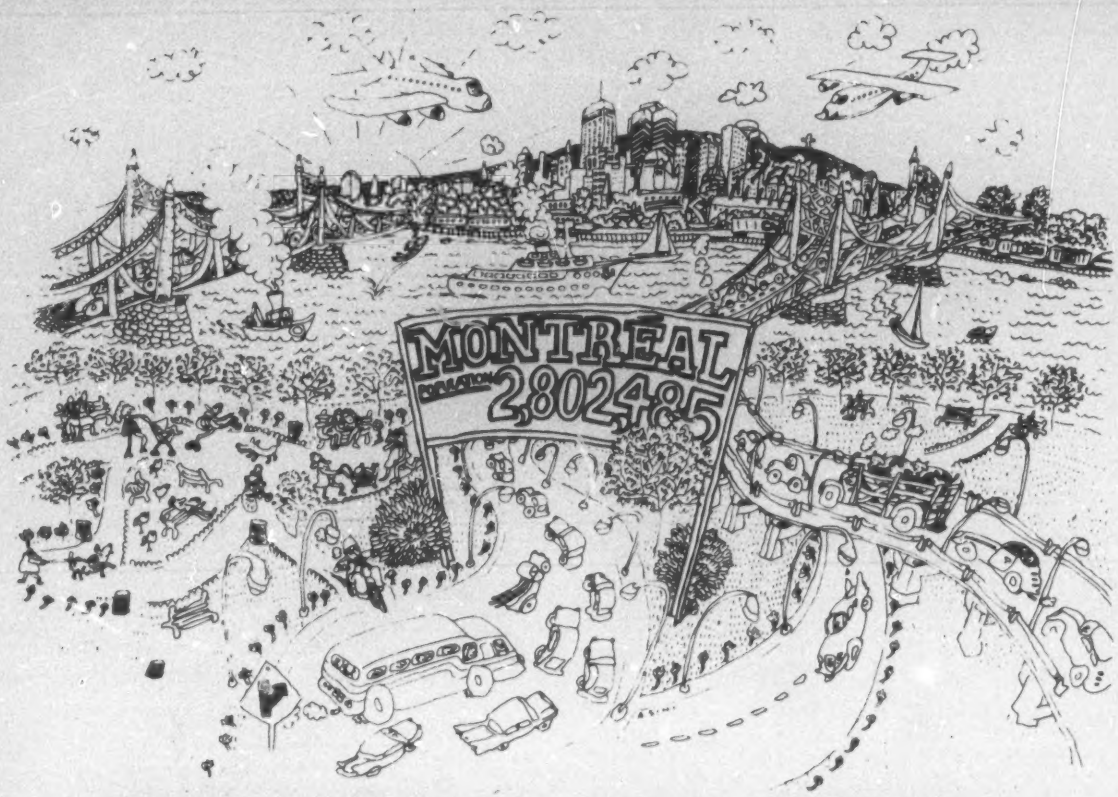
Average Number of Trips Per Traveler




Total Number of Trips (Millions)




*Source: Travel Pulse Research Service 1979-80*

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Adults 18+

| La Presse | | Le Journal | |
|---|---|---|---|
| Exclusive Readers | Total Readers | Exclusive Readers | Total Readers |
| 159,900 | 250,400 | 339,800 | 414,400 |

*Source: Canadian Facts 1980. Sponsored by La Presse, The Gazette, Le Devoir, and le Journal de Montréal. Study based on 2,562 completed interviews. Newspaper Audience Databank, on-line through IMS and Telmar.

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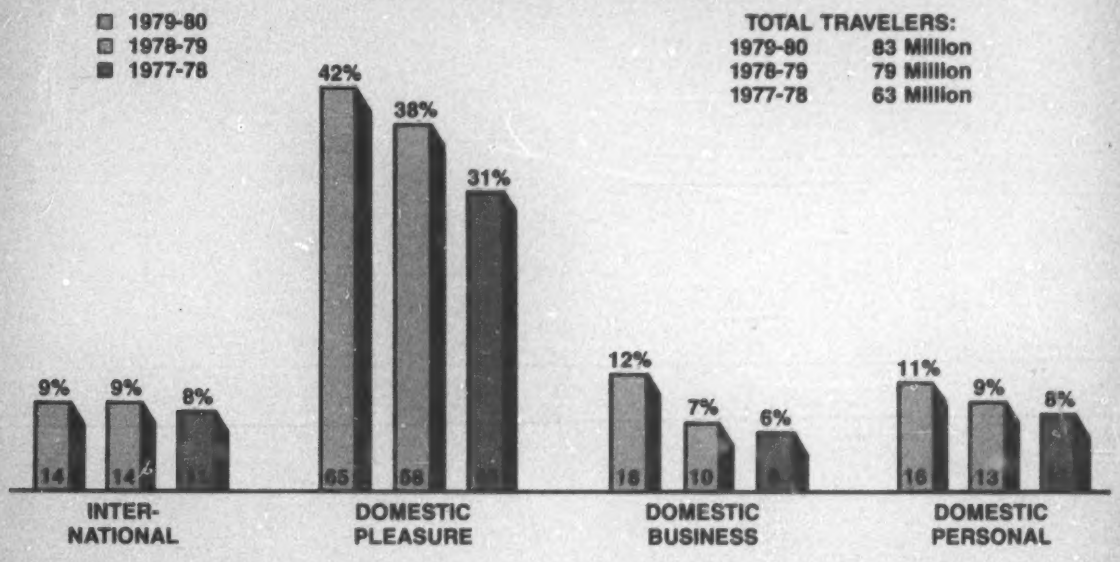
2-17

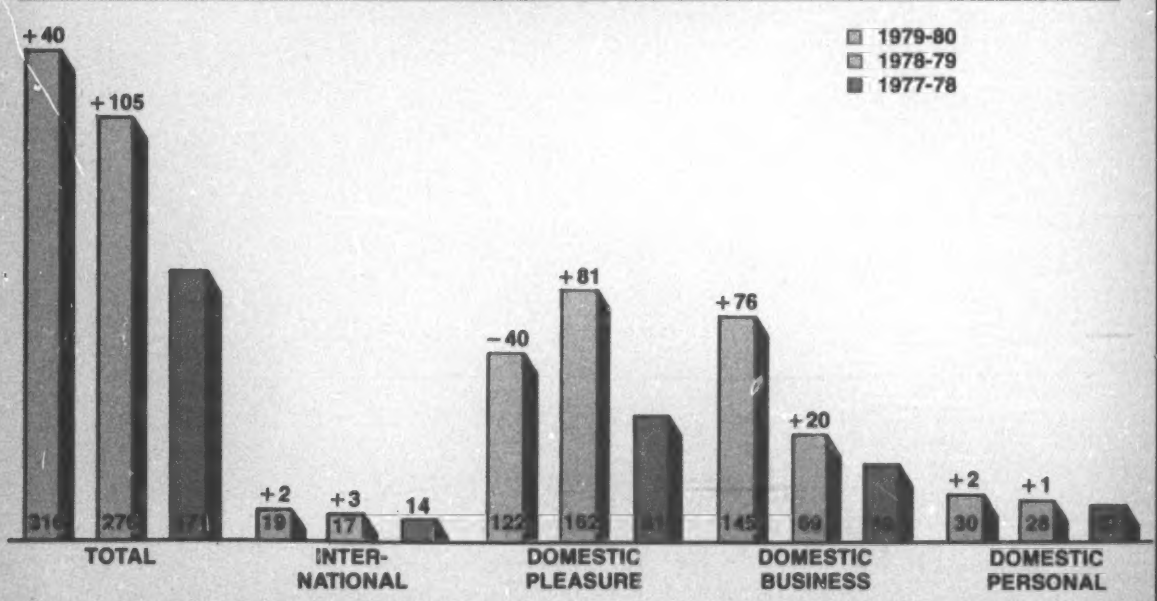
## THE CONSUMER MARKET FOR TRAVEL
## 1977-78 TO 1979-80
(Number of Travelers and % of Population by Trip Type)




*Source: Travel Pulse Research Service 1979-80*

2-18

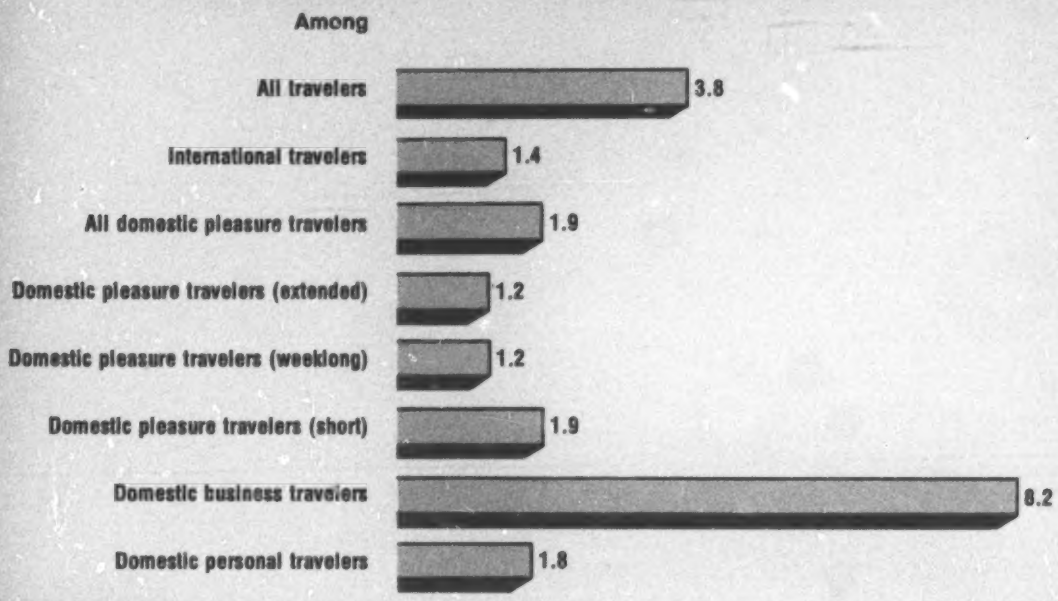
## TOTAL TRIPS TAKEN BY U.S. TRAVELERS
## 1977-78 TO 1979-80
(In Millions With Year Over Year Change)




*Source: Travel Pulse Research Service 1979-80*

2-19

## AVERAGE NUMBER OF TRIPS TAKEN BY U.S. TRAVELERS*




*12 months 1979/80.
*Source: Travel Pulse Research Service 1979-80*

2-20

## THE U.S. TRAVELER: DEMOGRAPHIC HIGHLIGHTS

| | Total Population | Total Travelers | Total Nontravelers |
|---|---|---|---|
| % male | 46 | 46 | 47 |
| % 18-34 years | 40 | 43 | 34 |
| % 35-54 years | 32 | 34 | 27 |
| % 55 years and over | 28 | 23 | 39 |
| % college educated | 33 | 39 | 21 |
| % white collar household head | 38 | 47 | 27 |
| % two or more employed adults | 44 | 48 | 39 |
| % annual household income over $25,000 | 34 | 40 | 19 |
| % annual household income $35,000 or more | 16 | 19 | 8 |

*Source: Travel Pulse Research Service 1979-80*

2-21

## DEMOGRAPHIC PROFILE OF TRAVELERS BY TRIP TYPE

| | International Travelers | Domestic Travelers | | |
|---|---|---|---|---|
| | | Pleasure | Business | Personal |
| % male | 50 | 45 | 75 | 42 |
| % 18-34 years | 40 | 43 | 44 | 44 |
| % 35-54 years | 33 | 35 | 43 | 37 |
| % 55 years and over | 27 | 22 | 13 | 19 |
| % college educated household head | 54 | 40 | 56* | 43 |
| % white collar household head | 55 | 46 | 67* | 51 |
| % annual household income over $25,000 | 54 | 41 | 54 | 39 |
| % annual household income $35,000 or more | 30 | 20 | 26 | 17 |

*Occupation and education of respondent.
*Source: Travel Pulse Research Service 1979-80*

2-22

## DEMOGRAPHIC PROFILE OF DOMESTIC PLEASURE TRAVELERS

| | Domestic Pleasure | | |
|---|---|---|---|
| | Extended | Weeklong | Short |
| % male | 45 | 45 | 45 |
| % 18-34 years | 39 | 48 | 43 |
| % 35-54 years | 34 | 29 | 38 |
| % 55 years and over | 27 | 24 | 19 |
| % college educated household head | 45 | 48 | 34 |
| occupation of household head | 48% white collar<br>29% blue collar<br>18% retired | 54% white collar<br>30% blue collar<br>10% retired | 42% white collar<br>43% blue collar<br>10% retired |
| % annual income over $25,000 | 49 | 48 | 35 |
| % annual income $35,000 or more | 25 | 22 | 16 |

*Source: Travel Pulse Research Service 1979-80*

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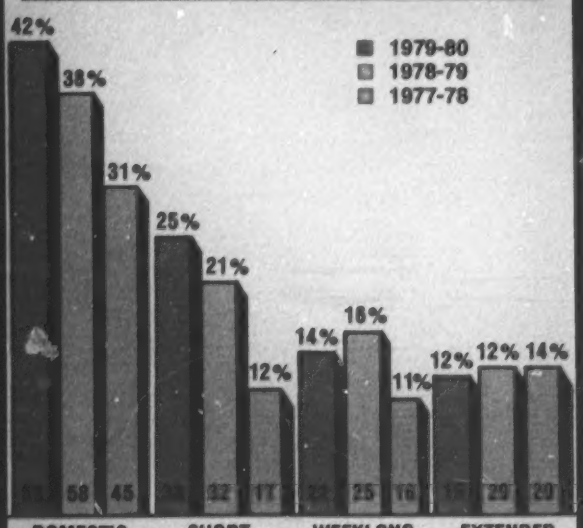
2-23

## THE DOMESTIC PLEASURE TRAVEL MARKET 1977-78 TO 1979-80

(In Millions of Travelers and % of Population)




*Source: Travel Pulse Research Service 1979-80*

2-24

## DOMESTIC PLEASURE TRAVEL: LEADING STATES VISITED

| | Total Domestic Pleasure Trips % | Total Domestic Extended Pleasure Trips % | Total Domestic Weeklong Pleasure Trips % | Total Domestic Short Pleasure Trips % |
|---|---|---|---|---|
| Florida | 14 | 24 | 19 | 9 |
| California | 12 | 15 | 12 | 11 |
| Nevada | 9 | 7 | 8 | 10 |
| Georgia | 9 | 11 | 10 | 7 |
| Ohio | 8 | 10 | 11 | 6 |
| New York | 7 | 15 | 11 | 3 |
| Illinois | 7 | 15 | 5 | 5 |
| Texas | 7 | 11 | 8 | 7 |
| Virginia | 7 | 5 | 4 | 8 |

*Source: Travel Pulse Research Service 1979-80*

2-25

## FAVORITE LEISURE ACTIVITIES OF TRAVELERS

| | Travelers % 100 | Nontravelers % 100 |
|---|---|---|
| **Sports** | | |
| Fishing/hunting/camping/ hiking | 47 | 30 |
| Swimming | 46 | 31 |
| Bowling | 32 | 26 |
| Bicycling | 33 | 20 |
| Boating/sailing | 32 | 20 |
| Jogging/physical fitness exercise | 26 | 13 |
| Motorcycling | 18 | 17 |
| Tennis | 18 | 10 |
| Water skiing | 17 | 10 |
| Golf | 14 | 9 |
| Skiing | 13 | 4 |
| Flying | 14 | 7 |
| Team sports | 30 | 26 |
| Handball/paddleball/ racquet ball/squash | 12 | 8 |
| Skin diving/scuba/ snorkeling | 7 | 3 |
| **Hobbies** | | |
| Cooking | 39 | 32 |
| Gardening/indoor plants | 39 | 35 |
| Handiwork (knitting, crocheting, sewing, etc.) | 29 | 29 |
| Photography | 22 | 9 |
| Playing an instrument | 13 | 8 |
| Hobbies (stamp, coin collecting, etc.) | 10 | 9 |
| **"Popular" Pastimes** | | |
| Watching television | 82 | 86 |
| Reading newspapers/ magazines | 49 | 50 |
| Going to the movies | 50 | 37 |
| Going to sporting events | 40 | 27 |
| Playing cards/doing puzzles | 41 | 35 |
| Gambling | 14 | 9 |
| **"Social" Pastimes** | | |
| Visiting friends/relatives/ going to parties | 66 | 57 |
| Eating out | 66 | 43 |
| Entertaining at home | 42 | 28 |
| Going to nightclubs/cafes/ discotheques | 34 | 21 |
| **"Cultural" Pastimes** | | |
| Listening to popular music | 53 | 39 |
| Listening to classical music | 21 | 18 |
| Reading books | 47 | 38 |
| Visiting museums/galleries/ historic places | 35 | 19 |
| Going to the theater/opera/ ballet/concert | 30 | 18 |
| **"Family" Pastimes** | | |
| Taking a drive/going on family outings | 61 | 49 |
| Shopping | 41 | 32 |
| Going to family recreation/ amusement/theme parks | 43 | 30 |
| **"Self-Improvement"** | | |
| Volunteer Work | 26 | 18 |
| Nightschool/continuing education/lectures | 18 | 11 |
| Consciousness-raising group | 5 | 3 |
| Yoga/T.M./meditation | 4 | 2 |

*Source: Travel Pulse Research Service 1979-80*

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SOURCE: PIB 1980 YEAR-END ANALYSIS

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## DOMESTIC PLEASURE TRAVEL: TRANSPORTATION

2-26

| | Total Domestic Extended Pleasure Trips % | Total Domestic Weekend Pleasure Trips % | Total Domestic Short Pleasure Trips % |
|---|---|---|---|
| **Primary Mode of Transportation** | | | |
| Commercial airline | 29 | 27 | 20 |
| Car/camper | 64 | 66 | 72 |
| Train/bus | 3 | 4 | 5 |
| **Class of Air Travel Flown** | | | |
| Tourist/economy/coach | 49 | 58 | 54 |
| Discount fare | 46 | 37 | 28 |
| Charter | 2 | 4 | 8 |
| First class | 6 | 5 | 4 |
| Single-class flight | 6 | 4 | 6 |

*Source: Travel Pulse Research Service 1979-80*

## DOMESTIC PLEASURE TRAVEL: ACCOMMODATIONS

2-27

| | Total Domestic Extended Pleasure Trips % | Total Domestic Weekend Pleasure Trips % | Total Domestic Short Pleasure Trips % |
|---|---|---|---|
| **Primary Type of Overnight Accommodations** | | | |
| Hotel | 16 | 16 | 18 |
| Motel | 46 | 52 | 54 |
| Private home | 36 | 24 | 14 |
| Campground | 17 | 12 | 11 |
| Other accommodations | 8 | 16 | 8 |
| **Type of Paid Accommodations** | | | |
| Deluxe/first class | 21 | 19 | 9 |
| Average/medium cost | 77 | 76 | 77 |
| Low cost/economy | 11 | 8 | 15 |

*Source: Travel Pulse Research Service 1979-80*


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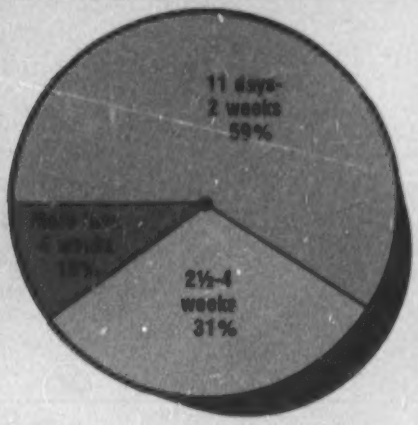
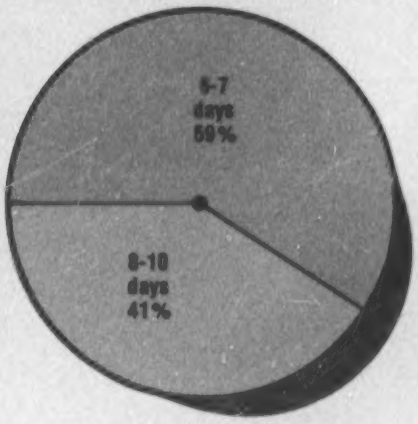
2-29

## DOMESTIC PLEASURE TRAVEL: DURATION OF TRIPS*

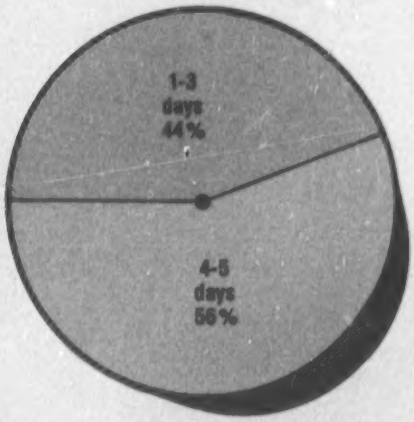
### DOMESTIC EXTENDED PLEASURE TRIPS




### DOMESTIC WEEKLONG PLEASURE TRIPS



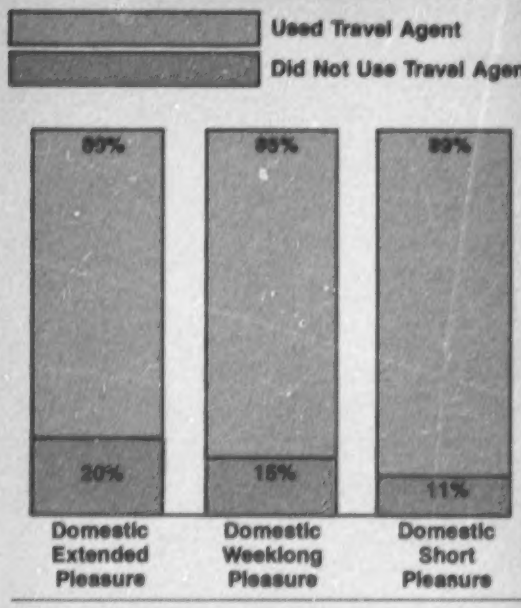

### DOMESTIC SHORT PLEASURE TRIPS




*Percentages apply to total number of trips taken.
Source: Travel Pulse Research Service 1979-80

2-30

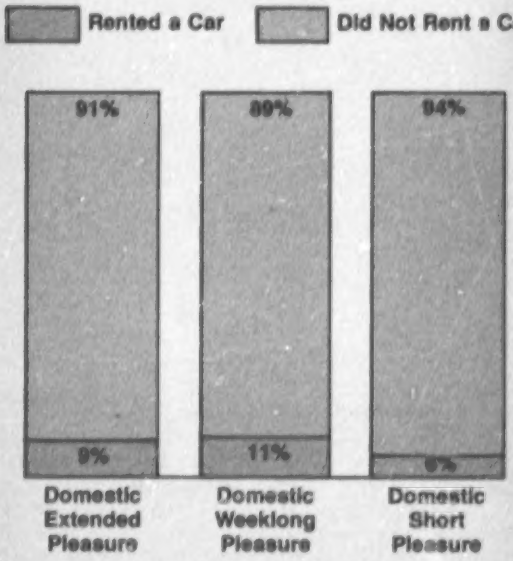
## DOMESTIC PLEASURE TRAVEL: USE OF A TRAVEL AGENT*




*Percentages apply to total number of trips taken.
Source: Travel Pulse Research Service 1979-80

2-31

## DOMESTIC PLEASURE TRAVEL: USE OF A RENTAL CAR*




*Percentages apply to total number of trips taken.
Source: Travel Pulse Research Service 1979-80

2-32

## INTERNATIONAL TRAVEL: TRANSPORTATION

| | Total International Trips % |
|---|---|
| **Primary Mode of Transportation To/ From Destination** | |
| Commercial airline | 55 |
| Car/camper | 26 |
| Train/bus | 7 |
| Cruise ship | 10 |
| **Class of Air Travel Flown To/ From Destination** | |
| Tourist/economy/coach | 46 |
| First class | 14 |
| Charter | 11 |
| Single-class flight | 2 |
| Discount fare | 27 |

*Source: Travel Pulse Research Service 1979-80*

2-33

## INTERNATIONAL TRAVEL: ACCOMMODATIONS

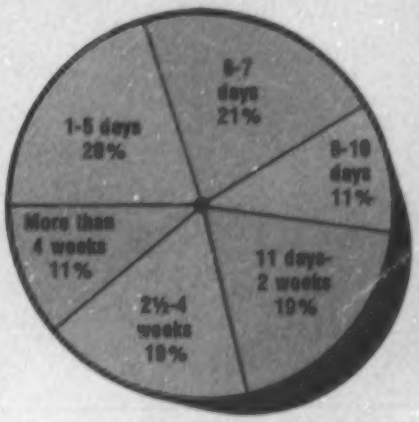
| Type of Overnight Accommodations | % of Total International Trips |
|---|---|
| Large hotel | 43 |
| Small hotel | 16 |
| Motel | 13 |
| Private home | 18 |
| Campground | 8 |
| Other | 17 |
| **Type of Hotel/Motel Accommodations** | **% of Total International Trips** |
| Deluxe/first class | 35 |
| Average/medium cost | 61 |
| Low cost/economy | 7 |

*Source: Travel Pulse Research Service 1979-80*

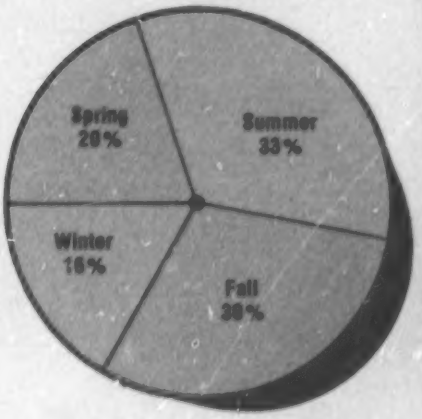
2-34

## INTERNATIONAL TRIP CHARACTERISTICS*

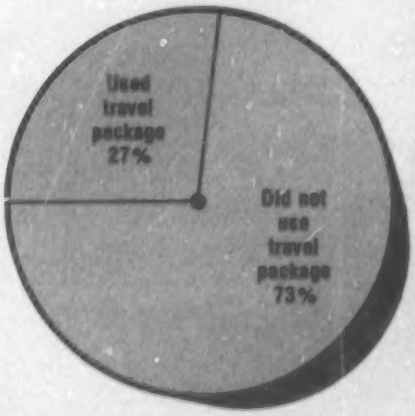
**Duration of Trip**




**Season of Trip Taken**

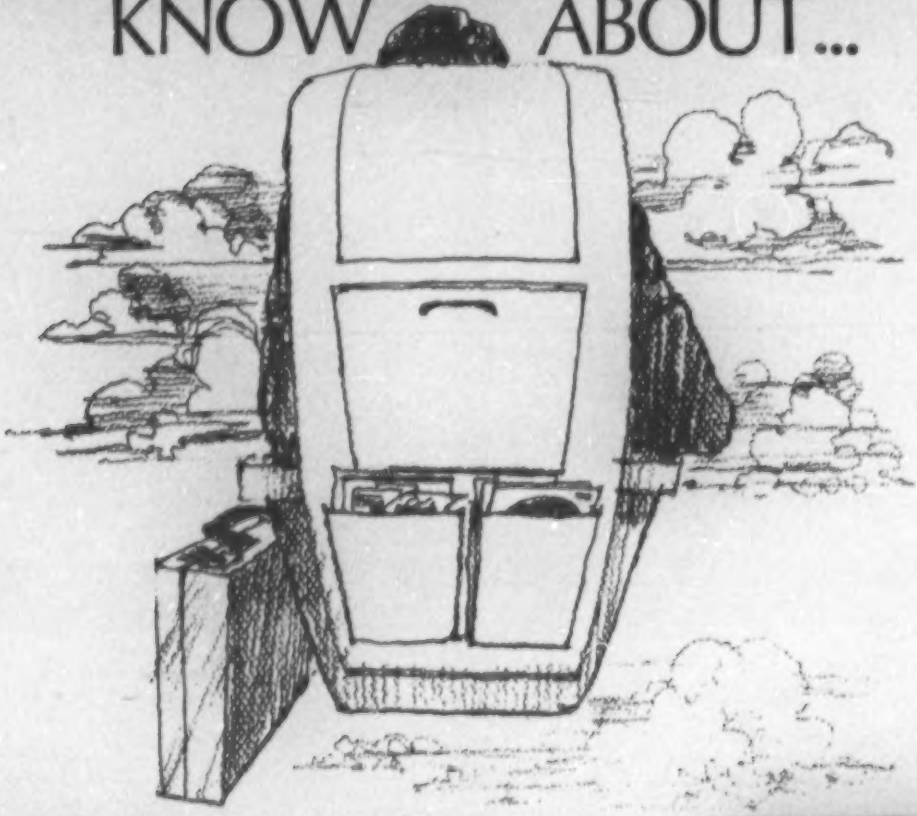



**Use of Travel Package**




* % of total international trips.
*Source: Travel Pulse Research Service 1979-80*

# 10 TIMES EACH YEAR 138,000* EUROPEAN BUSINESS TRAVELLERS DO SOMETHING YOU SHOULD KNOW ABOUT...



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Source: 1980 *Business Traveller* Subscriber Survey
† Rate Card No. 5, effective Oct. 1, 1981

2-35

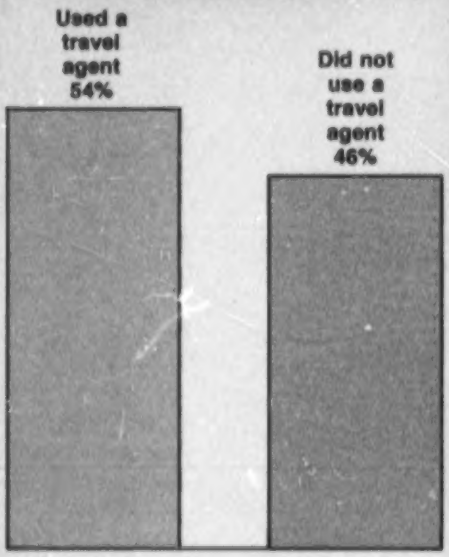
## INTERNATIONAL TRAVEL DESTINATIONS

| Destination | % of Total International Trips |
|---|---|
| Canada | 20 |
| Western Europe | 20 |
| Caribbean | 17 |
| Hawaii | 8 |
| Mexico | 10 |
| Far East | 9 |
| All other destinations | 9 |

*Source: Travel Pulse Research Service 1979-80*

2-37

## INTERNATIONAL TRAVEL: USE OF A TRAVEL AGENT*

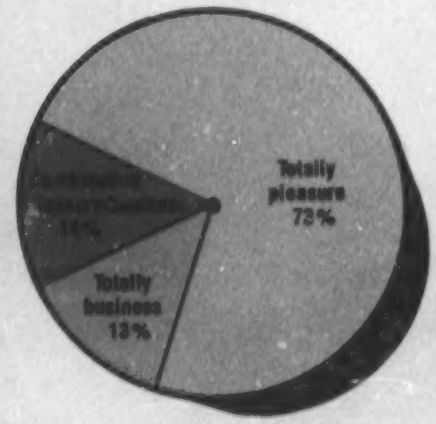



* % of total international trips.
*Source: Travel Pulse Research Service 1979-80*

2-36

## INTERNATIONAL TRAVEL: PURPOSE OF TRIP

Purpose/% of Total International Trips

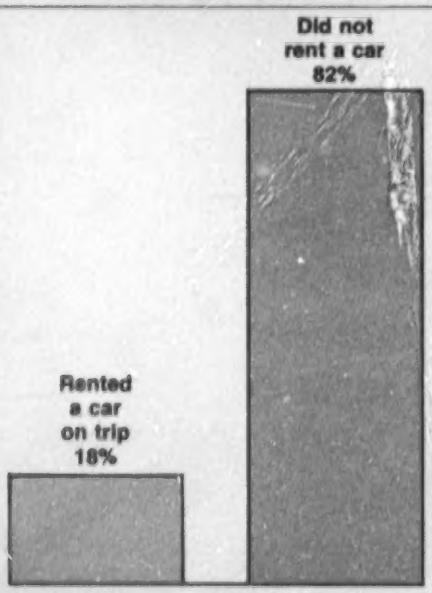



Total 100%

*Source: Travel Pulse Research Service 1979-80*

2-38

## INTERNATIONAL TRAVEL: USE OF A RENTAL CAR*




* % of total international trips.
*Source: Travel Pulse Research Service 1979-80*

2-39

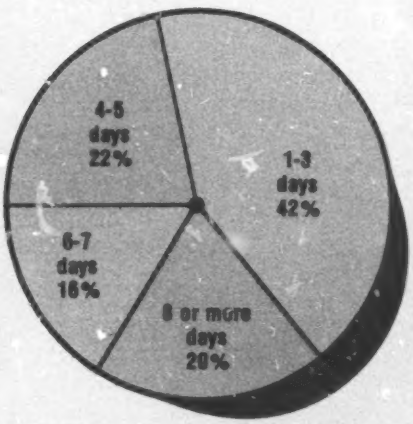
## DOMESTIC PERSONAL TRAVEL: TRANSPORTATION

| | Total Domestic Personal Trips % |
|---|---|
| **Primary Mode of Transportation** | |
| Commercial airline | 33 |
| Car/camper | 60 |
| Train/bus | 5 |
| **Class of Air Travel Flown** | |
| Tourist/economy/coach | 51 |
| Discount fare | 34 |
| First class | 7 |
| Single-class flight | 8 |

*Source: Travel Pulse Research Service 1979-80*

2-40

## DOMESTIC PERSONAL TRAVEL: DURATION OF TRIP*




*% of total domestic personal trips.
*Source: Travel Pulse Research Service 1979-80*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## THE BUSINESS TRAVELER

During a 12-month period in 1979-80 — for which the most recent Travel Pulse Research statistics are available — the domestic business travel market saw increases in the number of travelers, the volume of trips, and the frequency of these trips.* The number of business travelers alone reached 18 million, a significant advance over the prior year total of 10 million, while the average number of trips per traveler rose to 8.2, compared to 6.9 in 1978-79. These factors combined to produce a huge volume of business travel — 145 million trips — more than double the figure posted the year before. (2-44)

As noted in the preceding section on overall consumer travel patterns, the growth of the domestic business travel market in the recessionary 1979-80 period far outpaced that of domestic pleasure travel. Several reasons have been cited for the imbalance, but most researchers and corporate travel experts agree that the poor economy actually stimulated non-discretionary travel activity by creating the need for more direct contact among business associates. Although additional statistics demonstrate that business travelers made some notable concessions to financial restraints — such as increased usage of discounted air fares and a heavier reliance on low-cost or economy accommodations (2-43,2-45) — the sheer magnitude of the market underscored its importance to domestic travel suppliers across the board.

### Business Traveler Demographics

An examination of business travelers' demographics reveals that they are an upscale segment of the travel market, tending to be college-educated, white collar, and affluent. Over one-fourth (26%) have incomes of $35,000 or more. (2-50) It is interesting to note, however, that 1979-80 was characterized by an increase in the number of blue collar workers who traveled for business purposes, much of which was attributable to a rise in the volume of those participating in meetings and conventions, up from 21% to 34% of all such attendees.

While the vast majority (75%) of all business travelers are male, the number of women business travelers grew from 19% to 25% of the market between 1978-79 and 1979-80. (2-51) Demographically, women who travel for business purposes tend to be somewhat younger and are more often employed in white collar occupations than their male counterparts. They are also significantly less likely to be married. Although reporting higher salaries compared to previous years, women business travelers still have lower annual household incomes than do male business travelers.

Fully one-half of all business travelers identified in 1979-80 took trips to attend company meetings (29%) or non-company, professional and business functions (21%). In terms of demographics, those participating in such meetings differ substantially from business travelers as a whole. Thus, meetings attendees are only slightly more likely to be male than female — 54% against 46% — and their numbers include more young people, more singles, and those with marginally lower household incomes. (2-53) While meetings participants and convention delegates are primarily engaged in white collar occupations (61%), a larger proportion (34%) are blue collar workers than are all business travelers (28%).

### Meetings and Conventions

Data gathered by the Travel Pulse Research Service in 1979-80 documents some noteworthy changes in the trip profile drawn from the travel patterns of meetings and convention attendees. Compared to the previous year, trip length decreased substantially, with the majority (63%) lasting only 1-3 days. (2-52) There was also less travel with business associates and an increased incidence of combining business with pleasure by bringing along a spouse or friend. These changes suggest that adjustments were indeed made to economic constraints, a trend which was further reflected in a slight shift from air travel to automobile transportation, along with an increased reliance on motels and a concommitant move away from hotels as the most frequently used type of overnight accommodations facility. Hotels, however, were still selected by a larger proportion of meetings and convention attendees (42%) than all business travelers (30%).

The most up-to-date information on the dimensions of the off-premises meetings market comes from a comprehensive, biennial survey of the corporate and association subscribers of *Meetings & Conventions* conducted in 1981.** While data gathered in the *M&C* report mirrors certain trends which emerged from Travel Pulse research, the two studies are in no way comparable, since they rely on different methodologies and cover different 12-month periods. Looking at the overall market as defined by *M&C*, the total number of meetings held annually increased from 757,500 to 842,900 between 1979 and 1981. (2-42) The corporate meetings segment demonstrated

*Travel Pulse is a multi-sponsored annual study that tracks changes and trends in consumer behavior that affect the travel market. Produced by Travel and Tourism Consultants International, its findings are based on personal interviews with a sample of 7,000 U.S. adults. The results are nationally projectable. According to Travel Pulse definitions, domestic business travel includes travel that is primarily for business reasons (even though pleasure or personal matters may have been involved) where the primary destination is within the 48 coterminous United States. The trip must be at least 200 miles roundtrip and must include air fare or paid accommodations for at least one night; or the trip must be by cruise ship.*

**The 1981 Meetings Market Study was prepared for Meetings & Conventions by the research department of Ziff-Davis Publishing Company. It is estimated that Meetings & Conventions reaches virtually all of the associations which hold off-premises meetings and 70% of the corporations actively involved in holding such meetings. Please note that the study excludes trade shows.*

the most growth over the two-year span and consequently improved its already enormous market share from 81% to 84%. At the same time, the number of conventions remained flat at 1% of the market, while the volume of other off-premises association meetings dropped substantially along with an erosion of three percentage points in market share.

Meetings expenditures for the 12-month period covered by the survey totaled an estimated $17.4 billion, a 47% increase over the $11.8 billion figure posted two years earlier. (2-54) The boost was reflected in higher expenditures for all types of meetings, although it should be noted that the overwhelming portion of association payments (94%) were made by individual delegates and that of the remaining money spent by associations, the major share (60%) was devoted to convention expenditures. Therefore, with respect to the smaller meetings market, corporate groups remain a greater and more important factor in generating income for a broader range of destinations and facilities.

## Corporate Meetings

According to the 1981 *M&C* report, expenditures for corporate meetings rose to hit $5.9 billion, compared to $4 billion in 1979. Of this amount, 52% was spent for hotels, food, and related items, 31% for air transportation, and 19% for miscellaneous costs. (2-56) Moreover, one in four corporate planners reported spending at least $200,000 on off-premises meetings during the year. This translates into an average annual expenditure of $140,430 and reaffirms the economic importance of the corporate segment to the meetings market.

The most frequently held type of corporate meeting was the training seminar, representing 29% of the total in 1981, followed by management meetings at 23% — down from 26% in 1979. (2-60) Regional sales gatherings, which were responsible for 14% of all corporate meetings in 1979, increased to account for a 17% share in 1981. As for attendance, management meetings still drew the largest number of participants (over 8 million), although training seminars witnessed the most growth (from 4.9 million to 7.6 million) over the two-year span between surveys. (2-58)

There were also some changes with respect to the facilities used for corporate meetings held during the 12 months preceding *M&C*'s 1981 study. Whereas 59% of the planners surveyed in 1979 reported booking both midtown and resort hotels, these percentages shifted to 54% and 61% respectively. (2-65) Likewise, slight increases in the utilization of suburban hotels, privately-owned conference centers, and condominium resorts were offset by corresponding declines in meetings scheduled at airport facilities, university conference centers, and cruise ships.

## Association Meetings

The number of off-premises association meetings documented by *M&C* fell from 143,500 in 1979 to 135,800 in 1981. As previously noted, the decrease was the result of a notable drop in the number of non-convention gatherings (from 133,200 to 125,300) rather than a lower incidence of major conventions. (2-59) Not unexpectedly, attendance at other off-premises association functions such as educational seminars, board meetings, and professional/technical meetings was also down somewhat. However, a rise in convention delegates from 7.9 million to 9.5 million balanced the scales to produce a hike in overall attendance to 22.5 million

Delegate expenditures at all types of association meetings climbed substantially, totaling $10.7 billion in 1981 compared to $7.4 billion in 1979. (2-57) Although such expenses were incurred almost equally by convention participants ($5.3 billion) and other meetings attendees ($5.4 billion), the average $560 expenditure tab per convention delegate far exceeded the comparable $417 average for those attending other meetings. Similarly, associations alone spent $424.4 million on major conventions — or an average of $40,266 per meeting — versus $270 million for other off-premises gatherings, or an average of $2,155 per meeting and an annual average of $32,290 for all non-convention functions. (2-55)

Major association conventions attracted an average of 899 delegates per gathering — up from a comparable 775 in 1979 — and close to one-fifth of all conventions identified in *M&C*'s 1981 survey were attended by 2,000 or more delegates. In terms of frequency, 72% of associations reported scheduling their conventions on an annual basis, while 17% planned two such meetings per year. (2-61) Between 1979 and 1981, there were only minor changes in the most popular times of the year for holding conventions, with May, June, and October remaining the peak months. (2-62) Likewise, associations tended to prefer the same geographical locations for convention sites, the South Atlantic region appealing to most planners (19%), followed by East North Central (15%) and Pacific (14%) destinations. As in 1979, only 5% of major association conventions were held outside the U.S., and the individual states which benefited most from convention business were California (11%) and Florida (8%). New York, preferred by 7% of association planners, edged ahead of Illinois (6%) for the number three slot.

During the 12 months preceding *M&C*'s 1981 report, 61% of association planners booked major conventions at midtown hotels or motor inns, showing no change in preference for this type of facility since 1979. (2-64) Resort hotels were also reserved with the same frequency (36%). There were, however, some demonstrable shifts in the most popular facilities utilized for other off-premises association meetings. While midtown locations held onto their number one position (56%), a drop of five percentage points in preference was picked up by resort hotels (up from 35% to 38%) and privately-owned conference centers (up from 11% to 15%).

## Future Trends in Business Travel

It has long been recognized that the non-discretionary segment of the travel market accounts for at least 50% of the revenues enjoyed by the nation's airline and hotel industries. In fact, among many of the so-called regional carriers and the larger hotel chains, business travelers generate as much as 75% of total income. Retail travel agencies have also demonstrated an in-

creasing dependence on corporate accounts which tend to provide more financial stability than do pleasure travel clientele.

While statistics from both Travel Pulse and *Meetings & Conventions* suggest that recession and inflationary travel costs have not had a severe impact on the volume of business travel activity in recent years, suppliers catering to the non-discretionary market are concerned about if and when corporate travelers will draw the line on price. At the same time, they remain critically aware of the commercial segment's role in providing a firm financial base during bumpy economic periods. Marketing schemes designed to lure increasing numbers of business clients are now proliferating with regularity and run the gamut from simple hotel room amenities to "business class" airline service to American Airlines' controversial AAirpass, a program of guaranteed fares aimed at frequent travelers and large U.S. corporations.

Nonetheless, there are some additional factors which are bound to affect the magnitude and character of the domestic business travel market in the short term. Because of inflation and variations in the value of the U.S. dollar, the relative expense tabs incurred by business travelers in major world cities have changed dramaticelly in the past year. According to *World Business Weekly*'s 1981 survey of corporate travel expenditures, the once-costly European destinations of London, Copenhagen, Zurich, and Brussels are currently more affordable than such U.S. cities as Chicago, New York, Los Angeles, and Houston. These cost differentials could result in a reduction of corporate visitors to the States and a corresponding increase in U.S. business travelers to international destinations. When asked by *M&C* whether they were considering holding any meetings outside the continental U.S. in the next 12 months, 19% of corporate planners and 18% of association planners responded affirmatively.

A much more significant trend, however, emerged from the 1981 *M&C* study, this one involving meeting planners' intentions to use teleconferencing — the process by which two or more meeting locations are linked through closed circuit televisions, effectively reducing the need to travel. While 8% of association planners and 6% of corporate planners have relied on teleconferencing in the past, fully 15% of both types of planners intend to use the procedure to facilitate meetings and conventions in the "near future." Moreover, although planners clearly recognized the advantages of teleconferencing in terms of reducing travel time, they cited the need to cut travel costs as the primary reason for employing the technique.

These findings underscore the fact that today's business decisions are indeed being made with travel budgets in mind. Many of the nation's top industrial firms — ARCO, Aetna, and IBM, for example — are currently developing in-house, closed circuit systems on a national basis in an effort to combat rising air fares and hotel room rates. The impact of such moves on the business travel market could be astounding, further challenging suppliers in the non-discretionary segment to improve and enhance their own capabilities.


# The St. Pete-Tampa market is going places.

By air, land and sea, St. Pete-Tampa residents are heading for all points of the globe — for fun and on business.

Travelers here spent $124-million on air travel bookings in 1980; 27 metro area travel agents had airfare sales over $2-million.

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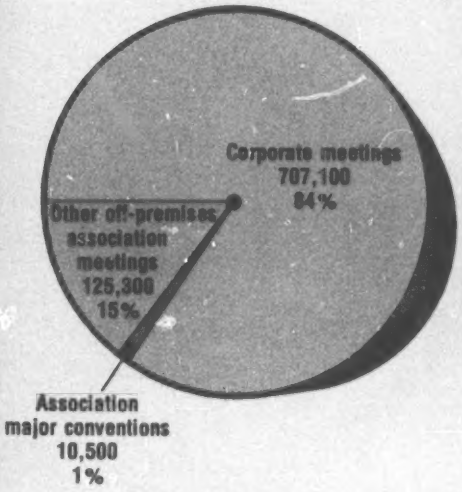
2-42

## NUMBER OF MEETINGS HELD ANNUALLY




*Source:* Meetings & Conventions

2-43

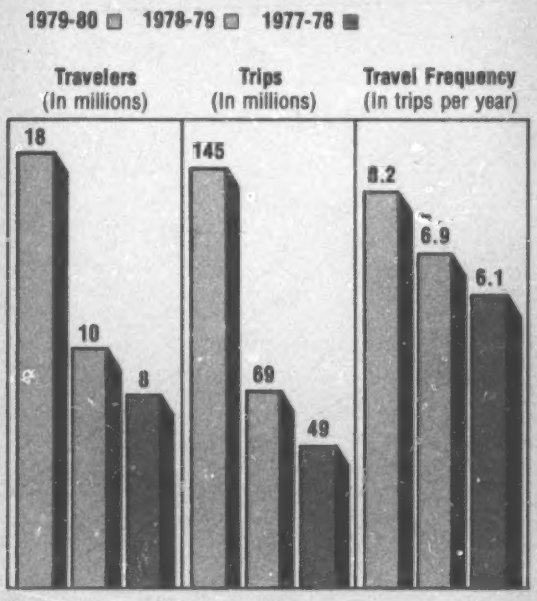
## DOMESTIC BUSINESS TRAVEL: TRANSPORTATION

| | Total Business Trips % |
|---|---|
| Primary Mode of Transportation To/From Destination | |
| Commercial airline | 46 |
| Car | 18 |
| Train/bus | 1 |
| Other mode | 35 |
| Class of Air Travel Flown To/From Destination | |
| Tourist/economy/coach | 77 |
| First class | 9 |
| Single-class flight | 3 |
| Discount fare | 11 |

*Source: Travel Pulse Research Service 1979-80*

2-44

## THE BUSINESS TRAVEL MARKET 1977-78 TO 1979-80




*Source: Travel Pulse Research Service 1979-80*

2-45

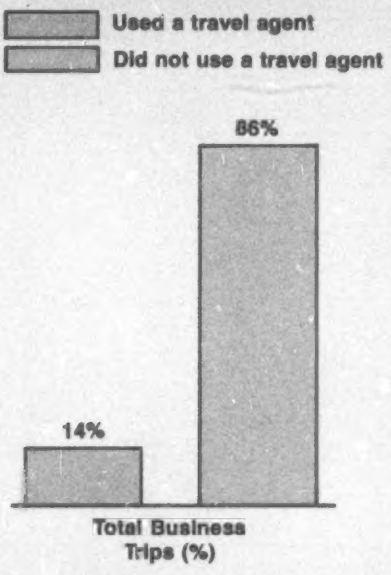
## DOMESTIC BUSINESS TRAVEL: ACCOMMODATIONS

| | Total Business Trips % |
|---|---|
| Number of Nights at Paid Accommodations | |
| 1-2 nights | 49 |
| 3-4 nights | 25 |
| 5 or more nights | 22 |
| No nights at paid accommodations | 4 |
| Type of Hotel/ Motel Accommodations | |
| Deluxe/first class | 12 |
| Average/medium cost | 75 |
| Low cost/economy | 13 |

*Source: Travel Pulse Research Service 1979-80*

2-46

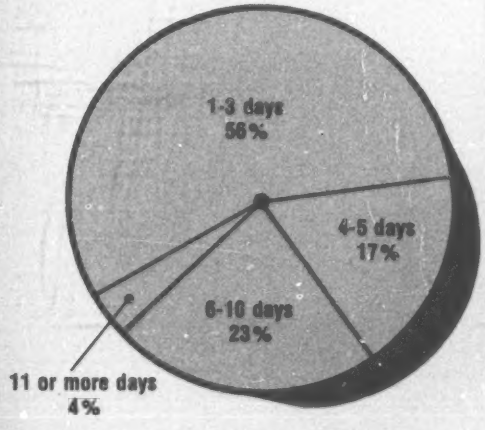
## DOMESTIC BUSINESS TRAVEL: USE OF A TRAVEL AGENT




*Source: Travel Pulse Research Service 1979-80*

2-47

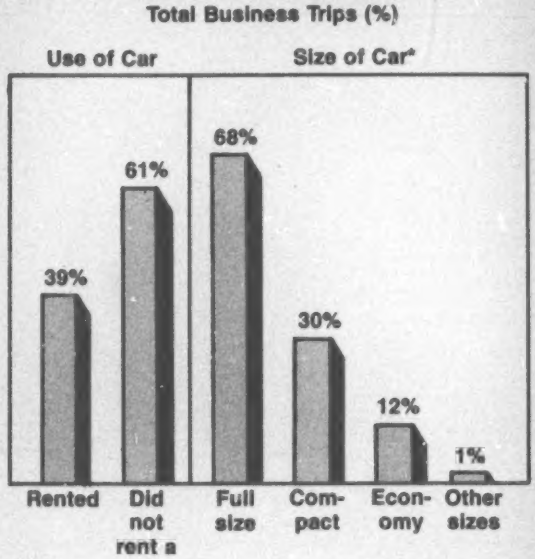
## DOMESTIC BUSINESS TRAVEL: DURATION OF TRIP*




** % of total domestic business trips.*
*Source: Travel Pulse Research Service 1979-80*

2-48

## DOMESTIC BUSINESS TRAVEL: USE OF A RENTAL CAR




**Includes multiple mentions.*
*Source: Travel Pulse Research Service 1979-80*

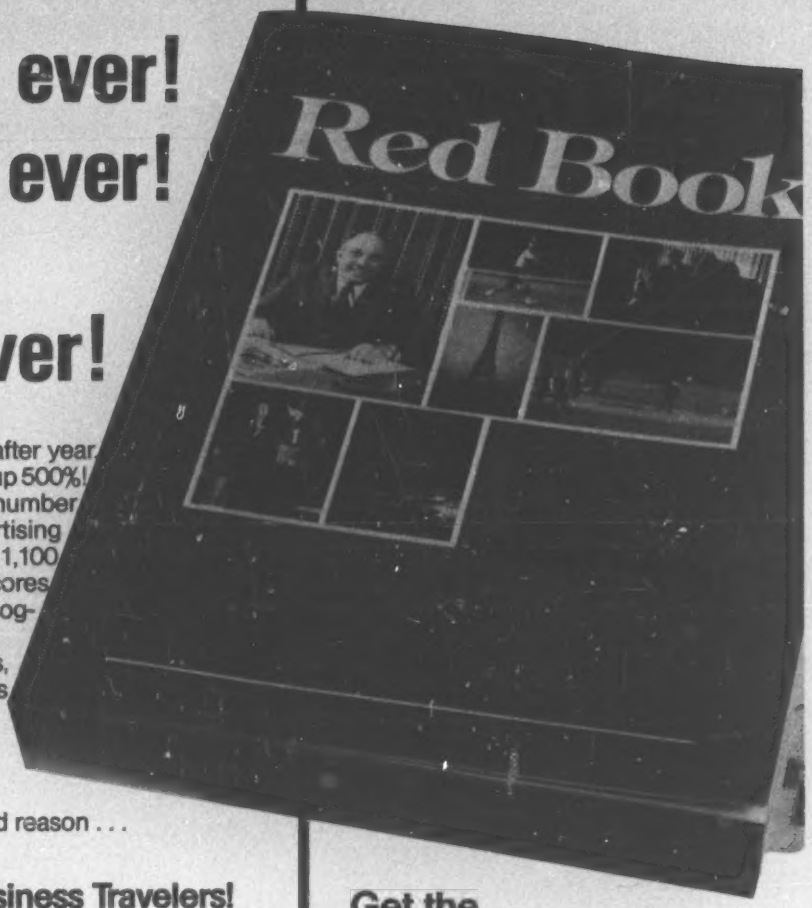
2-49

## DOMESTIC BUSINESS TRAVEL: PURPOSE OF TRIP

| | Total Business Trips % |
|---|---|
| To visit clients | 46 |
| To attend company meetings | 13 |
| To attend noncompany professional or business meeting | 6 |
| To visit other company office | 12 |
| Other business purpose | 23 |

*Source: Travel Pulse Research Service 1979-80*

# Bigger than ever! Better than ever! Used more than ever!

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## Red Book Sells Business Travelers!

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**Red Book** The official travel directory for the American Hotel & Motel Association

2-50

## PROFILE OF DOMESTIC BUSINESS TRAVELERS

| | % of Total Domestic Business Travelers |
|---|---|
| **Sex** | |
| Male | 75 |
| Female | 25 |
| **Age** | |
| 18-24 years | 15 |
| 25-34 years | 29 |
| 35-44 years | 24 |
| 45-54 years | 19 |
| 55 years or more | 13 |
| **Marital Status** | |
| Married | 65 |
| Separated/divorced/widowed | 14 |
| Single/never married | 15 |
| Living together | 6 |
| **Education of Respondent** | |
| Did not graduate from high school | 17 |
| Graduated from high school/technical school | 26 |
| Attended college | 24 |
| Graduated from college | 18 |
| Attended graduate/professional school | 15 |
| **Occupation of Respondent** | |
| White Collar | 67 |
| Professional/executive | 31 |
| Manager/proprietor | 20 |
| White collar/clerical | 15 |
| Blue collar | 26 |
| **Number of Employed Adults in Household** | |
| 1 person | 42 |
| 2 persons | 40 |
| 3 or more persons | 16 |
| **Total Household Income** | |
| Less than $10,000 | 3 |
| $10,000-$14,999 | 11 |
| $15,000-$19,999 | 14 |
| $20,000-$24,999 | 18 |
| $25,000-$34,999 | 28 |
| $35,000 or more | 26 |

*Source: Travel Pulse Research Service 1979-80*

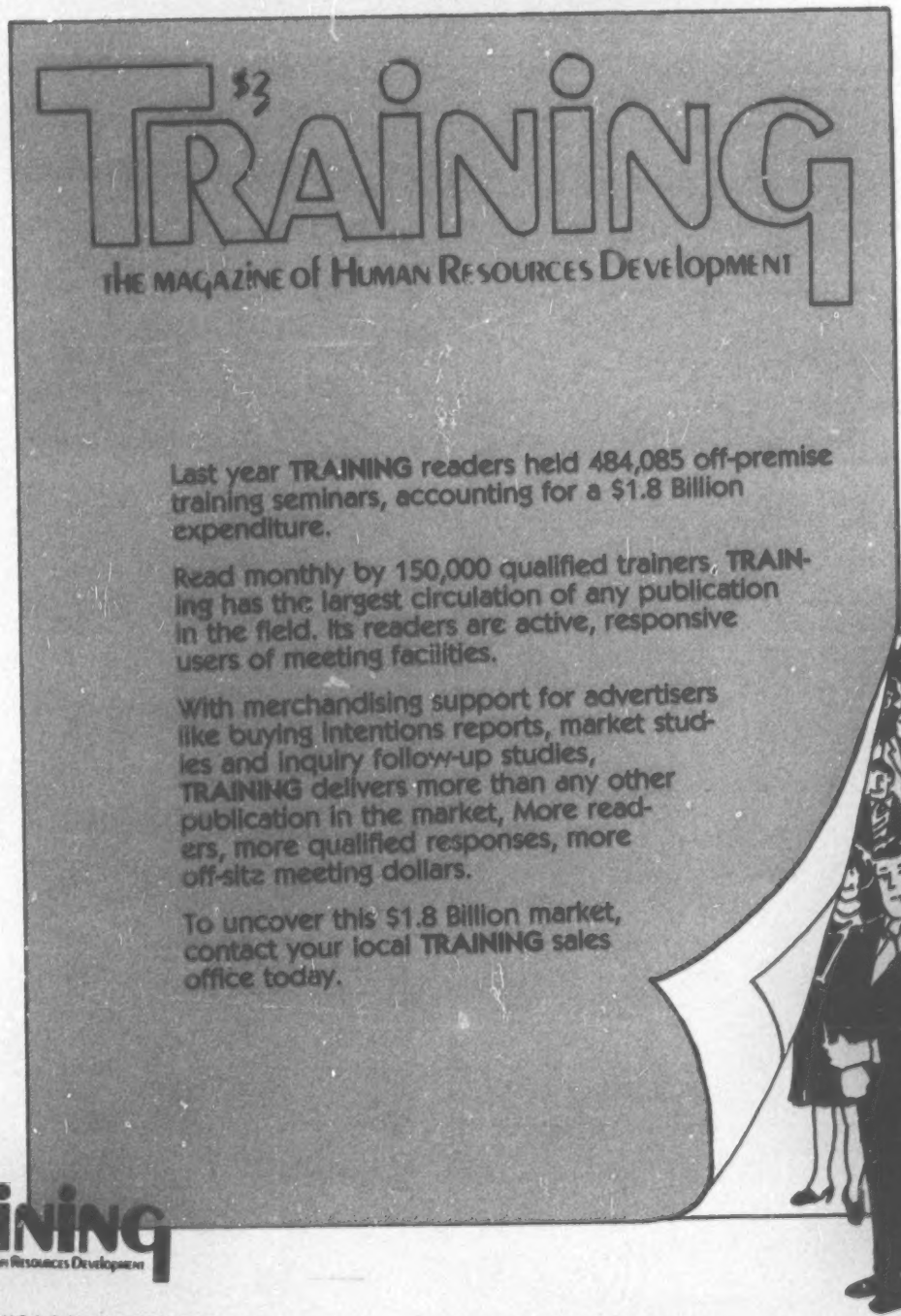
2-51

## PROFILE OF WOMEN BUSINESS TRAVELERS

| | % of Total Women Business Travelers |
|---|---|
| **Sex** | |
| Male | — |
| Female | 100 |
| **Age** | |
| 18-24 years | 21 |
| 25-34 years | 29 |
| 35-44 years | 16 |
| 45-54 years | 18 |
| 55 years or more | 17 |
| **Marital Status** | |
| Married | 39 |
| Separated/divorced/widowed | 26 |
| Single/never married | 24 |
| Living together | 11 |
| **Children under 18 in household** | 44 |
| **Education of Respondent** | |
| Did not graduate from high school | 7 |
| Graduated from high school/technical school | 34 |
| Attended college | 35 |
| Graduated from college | 14 |
| Attended graduate/professional school | 9 |
| **Occupation of Respondent** | |
| White Collar | 77 |
| Professional/executive | 36 |
| Manager/proprietor | 12 |
| White collar/clerical | 29 |
| Blue Collar | 14 |
| **Number of Employed Adults in Household** | |
| 1 person | 44 |
| 2 persons | 36 |
| 3 or more persons | 17 |
| **Total Household Income** | |
| Less than $10,000 | 5 |
| $10,000-$14,999 | 19 |
| $15,000-$19,999 | 21 |
| $20,000-$24,999 | 9 |
| $25,000-$34,999 | 27 |
| $35,000 or more | 18 |
| **Ownership of Second Home** | |
| Own/rent second home/apartment | 8 |
| No second home | 92 |
| **Number of Cars Owned** | |
| 1 car | 37 |
| 2 cars | 38 |
| 3 or more cars | 11 |
| Do not own a car | 13 |
| **Ownership of "Big Ticket" Leisure Items** | |
| Boat | 10 |
| Camper/campervan/motor home | 8 |
| Motorcycle | 13 |
| Swimming pool | 2 |
| Horse | 5 |
| **Athletic/Country Club Membership** | |
| Belong to athletic/country club | 14 |
| Do not belong to athletic/country club | 86 |
| **Credit Card Ownership** | |
| Bank Cards | 57 |
| Travel and Entertainment Cards | 17 |
| **Passport Ownership** | |
| Own passport | 18 |
| Do not own passport | 82 |

*Source: Travel Pulse Research Service 1979-80*

# There's A $1.8 Billion Meeting Market Under This Cover!

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2-52

## MEETING AND CONVENTION TRAVEL STATISTICS

| | Total Domestic Business Travelers (%) | Meeting and Convention Attendees (%) |
|---|---|---|
| **Purpose of Trip** | | |
| To attend company meeting | 29 | — |
| To visit clients | 23 | — |
| To attend non-company professional or business meeting | 21 | 100 |
| To visit other company office | 8 | — |
| Other business purpose | 18 | — |
| **Duration of Trip** | | |
| 1-3 days | 55 | 63 |
| 4-5 days | 20 | 17 |
| 6-10 days | 16 | 20 |
| 11 or more days | 8 | 1 |
| **Composition of Travel Party*** | | |
| Traveled alone | 49 | 30 |
| Business associate(s) | 30 | 27 |
| Spouse | 16 | 35 |
| Friend/Relative | 9 | 19 |
| Other | 2 | 4 |
| **Methods of Transportation*** | | |
| Airline (Commercial) | 53 | 50 |
| Private car | 40 | 53 |
| Rented car | 21 | 15 |
| Bus/train | 8 | 7 |
| **Type of Accommodations*** | | |
| Hotel | 30 | 42 |
| Motel | 62 | 50 |
| Other | 11 | 11 |
| **Pursued non-business activities** | 68 | 71 |

*Includes multiple mentions.
Source: Travel Pulse Research Service 1979-80

2-53

## MEETING AND CONVENTION ATTENDEES: DEMOGRAPHICS

| | Total Domestic Business Travelers 100% | Meeting and Convention Attendees 100% |
|---|---|---|
| **Sex** | | |
| Male | 75 | 54 |
| Female | 25 | 46 |
| **Age** | | |
| 18-24 years | 15 | 16 |
| 25-34 years | 29 | 38 |
| 35-44 years | 24 | 22 |
| 45-54 years | 19 | 8 |
| 55 or more years | 13 | 16 |
| **Marital Status** | | |
| Married | 65 | 56 |
| Single/never married | 15 | 19 |
| Living together | 6 | 14 |
| Divorced/separated | 11 | 10 |
| Widowed | 3 | 1 |
| **Education** | | |
| Did not graduate from high school | 17 | 18 |
| Graduated from high school/technical school | 26 | 24 |
| Attended college | 24 | 23 |
| Graduated from college | 18 | 13 |
| Attended graduate/ professional school | 15 | 20 |
| **Occupation** | | |
| White collar | 67 | 61 |
| Professional/executive | 31 | 38 |
| Manager/proprietor | 20 | 8 |
| White collar/clerical | 15 | 14 |
| Blue collar | 28 | 34 |
| Other | 5 | 6 |
| **2+ earner households** | 56 | 62 |
| **Total Annual Household Income** | | |
| Under $15,000 | 14 | 19 |
| $15,000-$24,999 | 32 | 37 |
| $25,000-$49,999 | 44 | 34 |
| $50,000 or more | 10 | 10 |

Source: Travel Pulse Research Service 1979-80

# Who fills over 200 million room nights a year?

A very select and highly influential group of 73,500 key meeting planner decision makers. Meetings & Conventions subscribers.

Last year, they held over 843,000 off-premises meetings that drew 65 million attendees. And resulted in over 200 million hotel room night sales.

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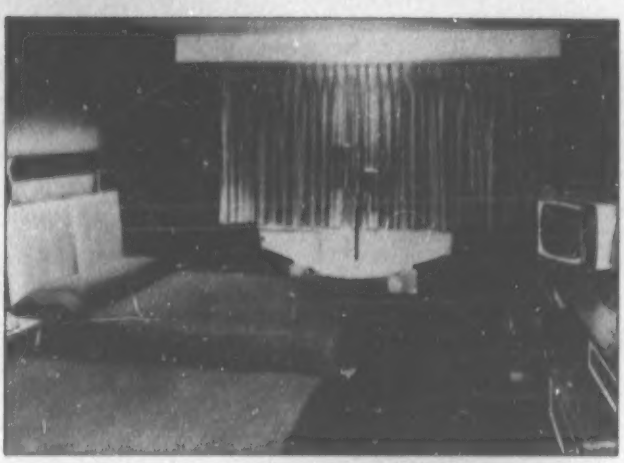

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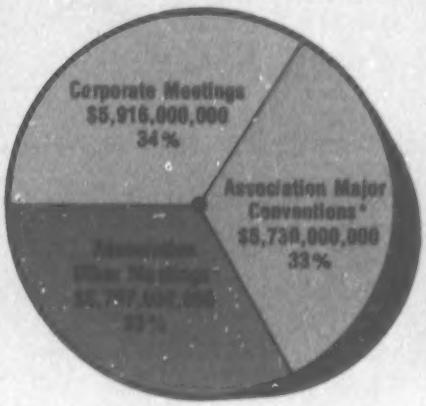
2-54

## TOTAL ANNUAL MEETINGS EXPENDITURES

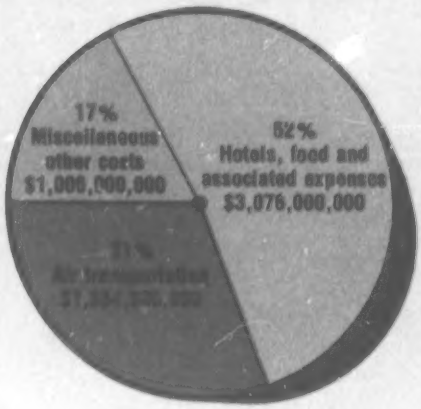



**Total Expenditures: $17,353,000,000**

*Includes delegate expenditures.
Source: Meetings & Conventions

2-56

## DOLLAR EXPENDITURES ON CORPORATE MEETINGS

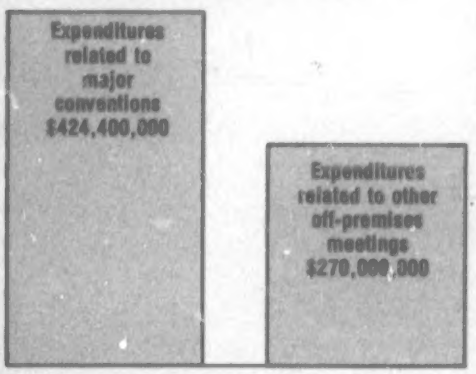



**Total Expenditures $5,916,000,000**

Source: Meetings & Conventions

2-55

## DOLLAR EXPENDITURES ON ASSOCIATION MEETINGS




**Total expenditures by associations: $694,400,000**

**Average association expenditure per major convention: $40,266**

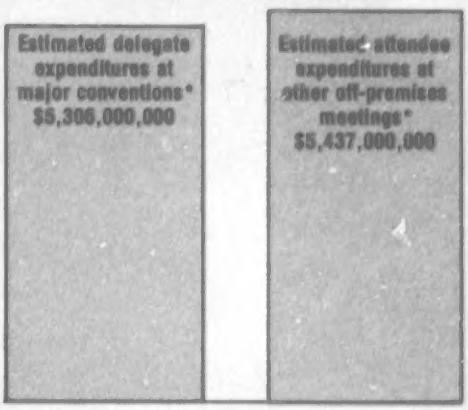
**Average expenditure per other meeting: $2,155**

**Average expenditure on off-premises meetings during the year per associations holding such meetings: $32,290**

Source: Meetings & Conventions

2-57

## DELEGATE EXPENDITURES AT ASSOCIATION MEETINGS




**Total expenditures by delegates/attendees: $10,743,000,000**

**Average delegate expenditure per convention: $560**

**Average delegate expenditure per other meeting: $417**

*Information on delegate expenditures was obtained from the association planner and is his/her best estimate of the average expended by delegates.
Source: Meetings & Conventions

2-58

## ATTENDANCE AT CORPORATE MEETINGS

| Types of meetings* | Attendance | Percentage of total attendance |
|---|---|---|
| Management meetings | 8,016,500 | 19 |
| Training seminars | 7,638,800 | 18 |
| National sales meetings | 6,023,700 | 14 |
| Regional sales meetings | 5,612,700 | 13 |
| New product introductions | 4,375,300 | 10 |
| Incentive trips | 4,327,000 | 10 |
| Professional/technical meetings | 2,291,600 | 5 |
| Stockholder meetings | 1,880,600 | 4 |
| Other meetings | 2,168,600 | 5 |
| Total | 42,334,800 | 100 |

*Does not include trade shows.
*Source:* Meetings & Conventions

2-60

## NUMBER AND TYPES OF CORPORATE MEETINGS

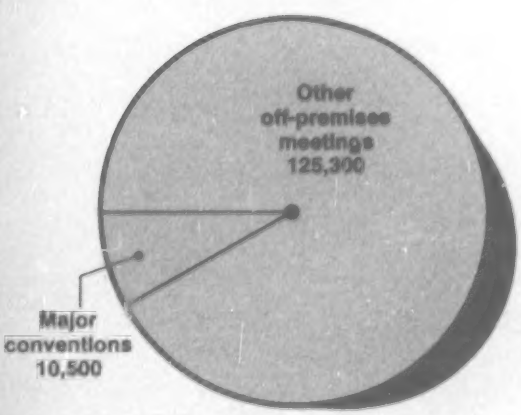
| Types of meetings* | Number held | Percentage of total meetings |
|---|---|---|
| Training seminars | 202,700 | 29 |
| Management meetings | 158,800 | 23 |
| Regional sales meetings | 124,000 | 17 |
| Professional/technical meetings | 60,300 | 9 |
| New product introductions | 57,500 | 8 |
| National sales meetings | 38,800 | 5 |
| Incentive trips | 28,300 | 4 |
| Stockholder meetings | 20,100 | 3 |
| Other miscellaneous | 16,700 | 2 |
| Total | 707,200 | 100 |

*Does not include trade show participation.
*Source:* Meetings & Conventions

2-59

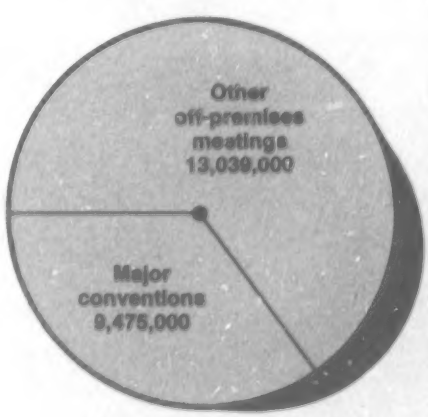
## NUMBER OF ASSOCIATION MEETINGS

**Number held**




**Total meetings 135,800**

**Attendance**




**Total attendance 22,514,000**

*Source:* Meetings & Conventions

2-61

## FREQUENCY OF MAJOR CONVENTIONS

| | Association Planners % |
|---|---|
| Annually | 72 |
| Twice a year | 17 |
| More than twice a year | 3 |
| Every other year | 5 |
| Other | 1 |
| No major convention | 2 |
| Total organizations | 100% |

*Source:* Meetings & Conventions

2-62

## WHEN CONVENTIONS ARE HELD

| Month in which most recent major convention was held | Association Planners % |
|---|---|
| January | 5 |
| February | 5 |
| March | 9 |
| April | 10 |
| May | 13 |
| June | 15 |
| July | 6 |
| August | 8 |
| September | 7 |
| October | 13 |
| November | 7 |
| December | 2 |
| Total organizations | 100% |

*Source:* Meetings & Conventions

2-63

## MAJOR CONVENTION DESTINATIONS

| Geographic Area of Last Major Convention | Association Planners % |
|---|---|
| South Atlantic | 19 |
| East North Central | 15 |
| Pacific | 14 |
| Mountain | 10 |
| Middle Atlantic | 9 |
| West South Central | 9 |
| West North Central | 7 |
| New England | 5 |
| East South Central | 3 |
| Outside the U.S. | 5 |

*Source:* Meetings & Conventions

2-64

## FACILITIES USED FOR ASSOCIATION MEETINGS

| Type of facilities used | Association meeting planners: Used for major conventions % | Association meeting planners: Used for other off-premises meetings % |
|---|---|---|
| Midtown hotel or motor inn | 61 | 56 |
| Resort hotel | 36 | 38 |
| Suburban hotel or motor inn | 16 | 52 |
| Airport hotel or motor inn | 9 | 48 |
| Privately-owned conference center | 6 | 15 |
| University-owned conference center | 5 | 21 |
| Condominium resort | 3 | 6 |
| Cruise ship | 1 | 3 |

*Source:* Meetings & Conventions

2-65

## FACILITIES USED FOR CORPORATE MEETINGS

| Type of facilities at which off-premises meetings were held by corporate meeting planners | Percentage of corporate meeting planners |
|---|---|
| Resort hotel | 61 |
| Suburban hotel or motor inn | 55 |
| Midtown hotel or motor inn | 54 |
| Airport hotel or motor inn | 37 |
| Privately-owned conference center | 17 |
| Condominium resort | 15 |
| University-owned conference center | 7 |
| Cruise ship | 3 |

*Source:* Meetings & Conventions

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|---|---|---|---|---|---|
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| **Jul.** | **Aug.** | **Sep.** | **Oct.** | **Nov.** | **Dec.** |
| 7/18 Caribbean | 8/8 Cruise<br>8/22 Hawaii | 9/12 Mexico<br>9/19 Fall Travel Planner<br>9/26 Ski West | 10/10 Puerto Rico<br>10/24 Bermuda | 11/14 Ski Holidays | 12/12 Winter Travel Planner |

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# TRANSPORTATION

## DOMESTIC AIRLINES

Following a decade of healthy growth, both in terms of traffic and revenues, the U.S. scheduled airline industry experienced a poor year in 1980. Passenger enplanements fell from 317 million to 297 million, and revenue passenger miles dropped to 254 billion from 1979's record level of 262 billion. (3-01) Moreover, although 1980 operating revenues rose by almost 24% to $33.7 billion, operating expenses of $33.9 billion resulted in an overall loss of $225 million for the year. This compares most unfavorably with operating profits of $1.4 billion and $199 million posted in 1978 and 1979 respectively. (3-02)

### 1980 Airline Activity

According to statistics compiled by the Air Transport Association, the 3% decline in traffic and the 213% drop in profits during 1980 represented the most serious losses on record. (3-04) In addition, a 95% decrease in net earnings — from $347 million in 1979 to $19 million in 1980 — put carriers in a very poor position with respect to meeting payments for anticipated equipment purchases. (3-03,3-05) As a result, the number of aircraft in service and on order was actually lower in June of 1981 than it had been the previous year. (3-11,3-12)

Inflation, recession, and fuel prices that were $3 billion higher than in 1979 were all responsible for 1980's disappointing showing. Fuel, taken as a proportion of total airline expenses, jumped from 28.8% to 30.5% between 1979 and 1980, while interest and commissions also took notably larger percentages of carrier operating expenditures. (3-10) Fewer passengers compounded the airlines' financial troubles, as price wars aimed at upping market shares on popular domestic routes caused over 65% of all coach travel to be generated by discounted fares at an average reduction of 47% off economy levels. Thus, despite the fact that the price of a coach ticket increased by 30% between 1979 and 1980, deeper and more widespread discounting offset most potential revenue gains.

### 1981 Developments

The economic conditions which created a negative growth situation for the nation's scheduled carriers in 1980 continued in 1981. Although airline analysts had predicted a traffic upturn for the first quarter of the year, it never materialized. At the end of March 1981, revenue passenger miles logged by U.S. skeds for domestic and international service were down nearly 10% compared to the first three months of 1980. And despite a 6% capacity reduction, the airlines' average load factor dropped from 57% to 55%.

During the second quarter of 1981, fare discounting managed to generate some additional traffic, but the threat of an air traffic controllers' walkout in June, coupled with a still lagging economy, resulted in an overall decrease of 6% in the number of rpms recorded for the first half of the year. Furthermore, the industry estimated that U.S. scheduled carriers lost over $40 million in ticket sales due to the threatened PATCO strike, and by the end of June 1981, they had posted a combined operating loss of $8 million.

Deep discounting on transcontinental and other domestic long-haul routes marked the 1981 peak season, but in spite of continued efforts to stimulate the pleasure travel market, major U.S. carriers registered repeated traffic declines. With the strike of PATCO members on August 3, the situation took a serious turn for the worse. Passengers cancelled travel plans, and the FAA cut flights at the nation's 22 major airports, bringing about a systemwide reduction of 25%. According to ATA estimates, the industry lost $15 million to $25 million per day during the first week of the strike and $5 million to $10 million per day during the second. Traffic for August — traditionally the best month of the year — was 8% lower than in August 1980.

While the initial curtailment of airline schedules mandated by the FAA caused some sharp cuts in

service — particularly for carriers based at the nation's 22 busiest airports (3-15) — operations recovered well and were running close to year-earlier levels by the first week in September. Passenger enplanements reached 90% of the prior year total, while traffic measured in rpms was up to 97% of the previous year's average. (3-16) Likewise, capacity (in available seat miles) bounced back from 86% to 95% of year-earlier levels between August 3 and September 6, and 85% of planned departures were operational — up from 77% in the first week of the strike. Most critical for the airlines were load factors which ran at two or three points over comparable monthly averages for 1980.

Airline executives, industry analysts, and government agencies differ considerably as to assessments of the long-term repercussions of the strike. In general, Wall Street analysts have taken a positive stance. They foresee more efficient route systems leading to improved load factors and fewer discount fares. Airline company executives, however, maintain a much more cautious outlook. While they agree that the trimming of unprofitable routes is likely to better their financial picture, they remain concerned about recouping losses sustained in August and about generating traffic when schedules are disrupted and discretionary travel is down. Prior to the strike, over 70% of domestic airline rpms were stimulated by discounted fares, and though most major carriers feel that price wars are detrimental to the financial health of the industry, they see them as necessary competitive weapons in a deregulated environment.

FAA guidelines governing scheduled airline operations are now in effect through April 1982, and major U.S. carriers are meeting the more stringent requirements by trimming staff, cutting capacity in high density markets, and eliminating service on less-popular routes. Contrary to expectations, however, notably higher fares and significantly reduced discounts have not developed. In addition, load factors have demonstrated only a minor improvement despite a 5% reduction in capacity during September. For the first nine months of 1981, domestic traffic was off 6% from its 1980 level, and the average load factor of 57.7% remained under 1980's 58.6% for the period. (3-08) As of October 1981, aviation analysts were forecasting a systemwide traffic loss of 5% for the calendar year and little or no profit for the industry as a whole.

## Deregulation and Smaller Carriers

Fallout from the PATCO strike has also sparked some controversy about its overall effect on the process of deregulation, particularly with respect to local carriers and new entrants serving regional markets. In the year ending June 1981, trunk airlines lost 2.4% of their market share of passengers to smaller carriers, new entrants picking up half of the total. Most of the traffic shift was stimulated by no-frills, rock-bottom fares — something the small airlines could offer because of lower operating costs. However, the success of such carriers as Midway, New York Air, People Express, and Muse Air depends heavily on route expansion, and the FAA's enforced capacity controls could shut them out of potentially lucrative, short-haul markets. For the time being, the new entrants — as well as larger regional carriers like Air Florida, Frontier, Piedmont, and Southwest — are holding up well under the imposition of schedule cuts, since they serve a number of less-restricted airports, carry a larger proportion of business travelers, and continue to maintain more flexibility in the marketplace.

Between 1970 and 1980, domestic trunk carriers witnessed a 75% increase in traffic measured in rpms. At the same time, local service airlines recorded a 192% jump. Even during the slow year of 1980, regionals registered a 9% rise in rpms against the trunks' 7% drop. (3-06) Barring unexpected developments, airline industry analysts anticipate a 20% boost in traffic for the local service carriers in 1981. As of September, net profits exceeded $100 million.

Like the regionals, commuter airlines serving domestic markets have demonstrated tremendous growth — not only throughout the 1970s but into 1980 and 1981 as well. Statistics released by the Commuter Airline Association of America (CAAA) show that between 1970 and 1980, the number of commuter passengers rose from 4.3 million to 14.8 million. (3-09) Traffic for 1981 is expected to hit 17 million, making commuter carriers the fastest growing segment of the U.S. airline industry. (Note: The CAAA changed its name to the Regional Airline Association in November 1981).

The CAAA estimates that commuters account for one-third of all domestic scheduled airline flights and that close to 70% of commuter passengers connect with other carriers' scheduled flights. In 1980, 237 small carriers operated between some 2,500 city pairs — double the number of markets served 10 years ago. It is anticipated that commuter operations will increase at a higher average annual growth rate than that of the industry as a whole, and according to FAA projections, the carriers should enjoy yearly passenger boosts of at least 8% between now and 1993 compared to a 4% growth rate for the entire industry.

Commuter aviation traces most of its success to deregulation and the subsequent abandonment of short-haul markets by the nation's larger airlines. Since 1978, CAAA members have purchased $600 million in new aircraft in order to meet growing demand, and there is now some concern about the PATCO strike's effect on their ability to pay for the equipment. Unlike some of the big carriers, commuters cannot afford to ground aircraft and still generate enough revenue to cover expenses. Another development which could impact on commuter operations is the recent CAB decision permitting major scheduled airlines to create "unregulated" commuter divisions or to acquire existing commuter carriers without government approval. Although the new policy probably won't have an immediate effect on the industry, it does put the majors in a position to better compete for short-haul traffic.

## Forecasts for 1982

Aviation experts in both the public and private sectors of the industry admit that the PATCO strike, as well as the unstable U.S. economy, make it difficult to foresee what will happen in 1982. The Air Transport Association looks forward to a "modest improvement" in systemwide operating profits based on a 5%

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traffic increase, more stable fuel prices, continued capacity reductions, and a minor upturn in the economy. Wall Street analysts suggest that the airlines could earn as much as $1 billion in 1982 — this prediction also dependent upon economic stability, improved traffic, and streamlined operations.

There is no doubt among industry observers that the domestic airlines must improve their financial condition if they intend to meet capital requirements in the years ahead. The ATA claims that the carriers will need $90 billion during the 1980s — versus $17 billion in the 1970s — and that annual earnings must exceed $2 billion between now and 1985, then average $5 billion between 1985 and 1990.

Accelerated deregulation is the key to the industry's financial viability, according to ATA senior VP-economics and finance George James. Mr. James points out that the number of U.S. scheduled airlines has doubled since 1978 and that over 50% of the top 200 domestic markets are currently served by new entrants. Like other deregulation proponents, he feels that both carriers and consumers will reap economic benefits from the more efficient systems necessary to operate in a competitive environment. For the present, however, the pace of deregulation has slowed. Faced with insuring the safety of all airline passengers, the FAA will continue to restrict the number of flights, in addition to the number of carriers, serving domestic routes. Just how the FAA proceeds as the months go by will have a measurable effect on the success of new entrants and on the marketing strategies of the major carriers. It will also have a critical impact on fare structures and on consumer response to ticket prices.

## Definition of Terms:

**Revenue Passenger Mile.** One fare-paying passenger transported one mile. Revenue passenger miles are computed by multiplying the number of revenue passengers by the miles which they are flown.

**Available Seat Miles.** The total number of seats available for the transportation of revenue passengers multiplied by the number of miles which those seats are flown.

**Revenue Passenger Load Factor.** The percentage of seating capacity which is actually sold and utilized. Computed by dividing revenue passenger miles flown by available seat miles flown in scheduled revenue passenger service.

**Revenue Passenger Enplanements.** The total number of revenue passengers boarding aircraft in scheduled service, including originating, stopover or on-line connecting passengers.

**Net Profit or Loss.** This figure is before "accounting changes" and after other non-operating income and expenses which are not shown.

**Net Profit Margin.** Net profit after interest and after taxes as per cent of operating revenue.

**Operating Profit Margin.** Operating profit (operating revenues minus operating expenses), as per cent of operating revenues.

**Rate of Return on Investment.** For 1979 and 1980 the rate of return on investment reflects earnings before accounting changes plus gross interest expense. Total investment in a five-quarter average of total net worth (stockholders' equity) plus long-term debt including current notes payable, current and non-current lease obligations, advances from associated companies and nontransport division, and unamortized premium (less discount) on debt.

## Airline Categories:

**These are the airlines included in each of the categories of scheduled carriers reporting to the CAB in 1980:**

**Domestic Trunks**
American
Braniff
Continental
Delta
Eastern
Northwest
Pan American
Trans World
United
Western

**Local Service**
Frontier
Ozark
Piedmont
Republic
Texas International
USAir

**Intra-Alaskan**
Alaska
Alaska International
Kodiak-Western Alaska
Munz Northern
Reeve Aleutian
Wien Air Alaska

**Intra-Hawaiian**
Aloha
Hawaiian

**International Trunks**
American
Braniff
Continental
Delta
Eastern
Northwest
Pan American
Trans World
Western

**All Cargo**
Airlift International
Flying Tiger

**Other**
*Aeromech
AirCal
Air Florida
Air Midwest
Air New England
*Air North
Air Wisconsin
Altair
Apollo
Aspen
Big Sky
*Capitol International
*Cascade
Cochise
Coleman
*Empire
*Evergreen International
*Golden Gate
Golden West
*Great American
*Imperial
Mackey International
*Mid-South
*Midway
Mississippi Valley
New Haven
*New York Air
Pacific Southwest
Sky West
Southeast
Southwest
Swift
Transamerica
*World
Wright

*Newly certificated carriers not included in 1979 data.

## Additional Notes:

Beginning January 1981, the CAB reclassified the scheduled carriers into four categories. They are: 1. **Majors** (annual revenues over $1 billion); 2. **Nationals** (annual revenues of $75 million to $1 billion); 3. **Large Regionals** (annual revenues of $10 million to $75 million); 4. **Medium Regionals** (annual revenues of less than $10 million).

Carriers on strike during 1980:

| Carrier | Partial Operations | Resumption |
|---|---|---|
| Altair | 4/13/80- 9/12/80 | 9/13/80 |
| Ozark | 5/ 6/80- 6/ 1/80 | 6/ 2/80 |
| Pacific Southwest | 9/25/80-11/15/80 | 11/16/80 |
| Capitol | 10/ 9/80-10/14/80 | 10/15/80 |
| Continental | 12/ 5/80- 1/31/80 | 2/16/81 |

National Airlines was acquired by Pan American in December 1979 and was officially merged in January 1980.

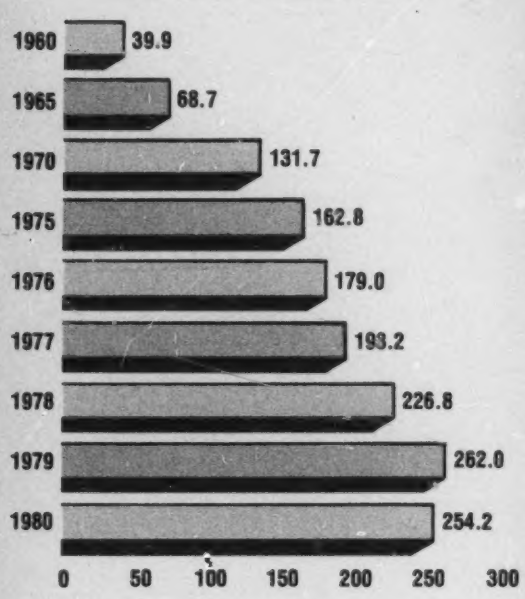
Seaboard World Airlines was acquired by Flying Tiger effective October 1980.

Hughes Airwest, now Republic West, was acquired by Republic effective October 1980.

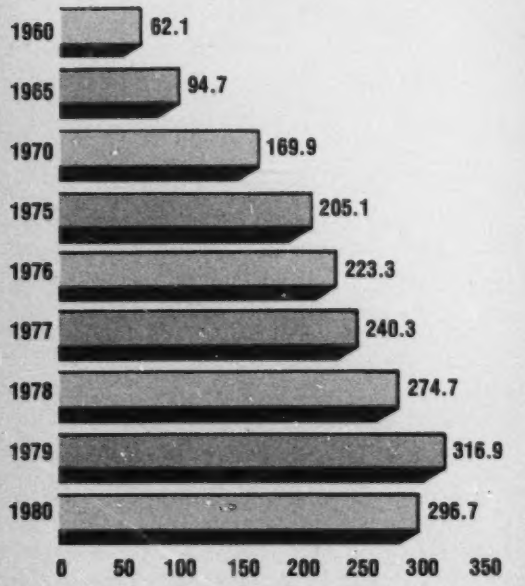
3-01

## GROWTH OF THE U.S. SCHEDULED AIRLINES INDUSTRY

1960-1980
Air Passenger Miles (Billions)



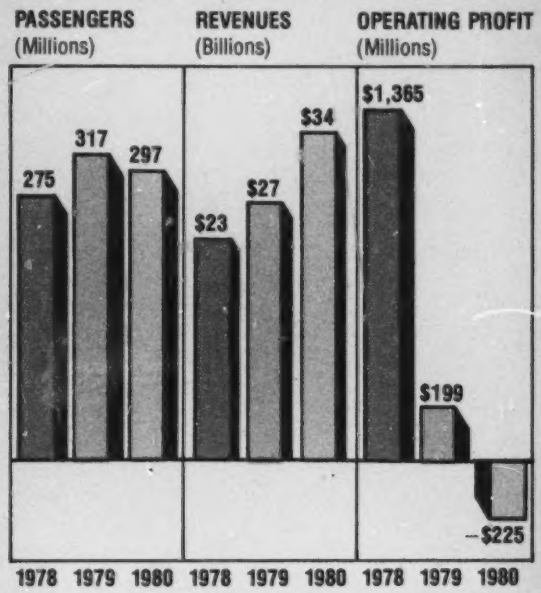

1960-1980
Air Passengers (Millions)




*Source: Air Transport Association of America*

3-02

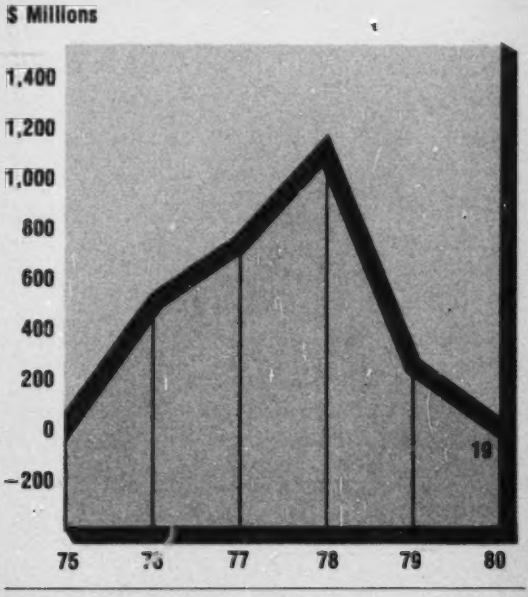
## DOMESTIC AIRLINES: 1980 AT A GLANCE*




**Includes 13 newly certificated carriers not included in 1978 or 1979 data. See Airline Categories.*
*Source: Air Transport Association of America*

3-03

## AIRLINE EARNINGS 1975-1980*




**1980 net income includes $294 million before tax gains on the sale of the Pan Am building.*
*Source: Air Transport Association of America*

## DOMESTIC AIRLINES: 1980 VITAL STATISTICS*

| Traffic | 1979 | 1980 | % Change |
|---|---|---|---|
| Passengers Enplaned (000) | 316,863 | 296,749 | −6.3 |
| Revenue Passenger Miles (000) | 262,023,375 | 254,179,944 | −3.0 |
| Available Seat Miles (000) | 416,126,429 | 431,166,439 | +3.6 |
| Passenger Load Factor | 63.0% | 59.0% | — |
| **Financial** | **1979** | **1980** | **% Change** |
| Passenger Revenues ($000) | 22,791,390 | 28,049,958 | +23.1 |
| Freight Revenues ($000) | 2,155,228 | 2,370,684 | +10.0 |
| Total Operating Revenues ($000) | 27,226,665 | 33,658,840 | +23.6 |
| Total Operating Expenses ($000) | 27,027,610 | 33,883,736 | +25.4 |
| Operating Profit ($000) | 199,055 | (224,896) | −213.0 |
| Net Earnings ($000) | 348,845 | 18,850 | −94.6 |
| Rate of Return on Investment | 7.0% | 5.7% | — |
| Operating Profit Margin | 0.7% | (0.7%) | — |

**Includes 13 newly certificated carriers not included in 1979 data. See* Airline Categories.
*Source: Air Transport Association of America*



## DOMESTIC AIRLINES: STATISTICAL HIGHLIGHTS 1970-1980

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Passenger Traffic** | | | | | | | | | | | |
| Revenue passengers enplaned (000) | 169,922 | 173,669 | 191,349 | 202,206 | 207,458 | 205,062 | 223,318 | 240,326 | 274,719 | 316,863 | 296,749 |
| Revenue passenger miles (000) | 131,710,018 | 135,657,702 | 152,406,276 | 161,957,307 | 162,918,594 | 162,810,057 | 178,988,026 | 193,218,819 | 225,781,388 | 262,023,375 | 254,179,944 |
| Available seat miles (000) | 265,119,871 | 279,823,351 | 287,411,214 | 310,597,107 | 297,006,062 | 309,006,243 | 322,821,649 | 345,553,901 | 368,750,530 | 416,126,429 | 431,166,439 |
| Revenue passenger load factor (%) | 49.7 | 48.5 | 53.0 | 52.1 | 54.9 | 53.7 | 55.4 | 55.9 | 61.5 | 63.0 | 59.0 |
| Freight ton miles (000) | 3,407,552 | 3,712,268 | 4,213,452 | 4,736,728 | 4,890,026 | 4,766,118 | 5,074,193 | 5,385,129 | 5,763,249 | 5,907,731 | 5,676,563 |
| Departures—scheduled service | 5,119,556 | 4,998,934 | 5,046,438 | 5,134,577 | 4,726,101 | 4,704,052 | 4,832,664 | 4,936,519 | 5,013,169 | 5,309,652 | 5,367,485 |
| Passenger revenue ($000) | 7,626,813 | 8,220,323 | 9,271,353 | 10,274,310 | 11,879,177 | 12,353,501 | 14,265,947 | 16,273,355 | 18,606,247 | 22,791,390 | 28,049,958 |
| Freight revenue ($000) | 713,423 | 795,272 | 906,494 | 1,038,459 | 1,216,332 | 1,295,100 | 1,482,502 | 1,687,302 | 1,939,062 | 2,155,228 | 2,370,684 |
| Charter revenue ($000) | 413,913 | 467,258 | 448,537 | 421,007 | 444,815 | 499,856 | 572,580 | 644,381 | 578,285 | 520,916 | 1,100,935 |
| Total operating revenue ($000) | 9,289,658 | 10,045,577 | 11,163,271 | 12,418,777 | 14,890,125 | 15,355,921 | 17,901,215 | 19,574,800 | 22,983,955 | 27,226,665 | 33,658,840 |
| Total operating expense ($000) | 9,246,627 | 9,717,102 | 10,578,800 | 11,833,511 | 13,973,385 | 15,228,042 | 16,779,282 | 19,016,700 | 21,519,062 | 27,027,610 | 33,883,736 |
| Operating Profit ($000) | 43,031 | 328,475 | 584,471 | 585,266 | 725,740 | 127,879 | 721,933 | 998,048 | 1,364,863 | 199,055 | (224,896) |
| Net Income ($000) | (200,503) | 28,006 | 214,850 | 226,693 | 321,641 | (84,204) | 583,354 | 752,536 | 1,196,537 | 348,845 | 18,850 |
| Revenue per passenger mile (¢) | 5.8 | 6.1 | 6.1 | 6.5 | 7.3 | 7.6 | 8.0 | 8.4 | 8.3 | 8.7 | 11.0 |
| Rate of return on investment (%) | 1.2 | 3.5 | 4.9 | 5.1 | 6.4 | 2.5 | 8.0 | 10.9 | 13.0 | 7.0 | 5.7 |
| Operating profit margin (%) | 0.5 | 3.3 | 5.2 | 4.7 | 4.8 | 0.8 | 4.1 | 4.6 | 6.0 | 0.7 | (0.7) |
| Aircraft in service | 2,437 | 2,389 | 2,361 | 2,361 | 2,244 | 2,267 | 2,284 | 2,229 | 2,266 | 2,542 | 2,529 |
| Employees | 297,374 | 292,186 | 301,127 | 311,498 | 307,318 | 289,928 | 303,006 | 306,089 | 325,303 | 340,696 | 339,378 |

*Source: Air Transport Association of America*

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In the first six months of 1981 compared with 1980 The Record hurdled the field, from #16 to #9 among the 25 top U.S. newspapers in hotel and resort linage. We are now on the heels of #8, the New York News, and #7, The Washington Post.

Of Bergen's 660,000 adults, 311,800 of them traveled outside the U.S. in the last 5 years, 527,700 took domestic trips in the last year, and 32.3% booked through travel agents in the last year.

There are other numbers fruitful for travel advertisers. For example, exclusive adult audiences. The combined exclusive audience of The Sunday Record, The Sunday New York Times and the Sunday New York News in Bergen County total up to 345,400. Of this total, The Sunday Record has an exclusive audience of 239,500 adults, compared with a 57,200 exclusive audience in The Sunday New York Times, a 48,700 exclusive audience in the Sunday New York News - 69% for The Record, 17% for The New York Times, 14% for the New York News.

These firm facts confirm the truth that The Record is the most needable newspaper for reaching the many thousands of avid travelers in affluent Bergen County.

The Record publishes a full-size Travel Section every Sunday, including about 30 travel features specialized to seasons, holidays and events. For complete information contact Sandy Theophilakos, national advertising manager (201) 646-4257 - or The Record's national representative, the Sawyer-Ferguson-Walker Company.

**The Record**

**New Jersey's Largest Evening Newspaper**

SOURCES: MEDIA RECORDS, INC.• S&MM SURVEY OF BUYING POWER, 1981• THE SCARBOROUGH REPORT, 1980

* NY/NJ SMSA INCLUDES THE FIVE BOROUGHS OF NEW YORK CITY, AND THE SUBURBAN COUNTIES OF WESTCHESTER, ROCKLAND, AND PUTNAM, N.Y., AND BERGEN COUNTY, N.J.

## AIRLINE TRAFFIC 1970-1980*

3-06

| Passenger Traffic | Total U.S. Scheduled | | | Domestic Trunk | | | Local Service | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1979 | 1980 | 1970 | 1979 | 1980 | 1970 | 1979 | 1980 |
| Revenue passengers enplaned (000) | 168,927 | 316,863 | 296,749 | 122,886 | 211,554 | 190,404 | 26,726 | 51,629 | 51,490 |
| Revenue passenger miles (000) | 131,710,813 | 282,023,375 | 254,179,944 | 95,888,744 | 180,717,936 | 168,224,218 | 7,433,662 | 19,904,143 | 21,601,529 |
| Available seat miles (000) | 265,119,873 | 418,126,429 | 431,166,439 | 191,481,980 | 285,962,923 | 288,315,980 | 17,624,403 | 33,904,420 | 39,404,693 |
| Revenue passenger load factor (%) | 49.7 | 63.0 | 59.0 | 49.7 | 63.2 | 58.3 | 43.7 | 58.7 | 54.8 |
| Average length of haul (miles) | 779 | 827 | 857 | 781 | 854 | 864 | 277 | 386 | 420 |

| Passenger Traffic | International Trunks | | | Intra-Hawaiian | | | Intra-Alaskan | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1970 | 1979 | 1980 | 1970 | 1979 | 1980 | 1970 | 1979 | 1980 |
| Revenue passengers enplaned (000) | 16,280 | 24,072 | 23,452 | 2,842 | 6,766 | 5,981 | 367 | 1,708 | 1,874 |
| Revenue passenger miles (000) | 47,563,211 | 52,939,951 | 52,981,851 | 355,094 | 876,956 | 770,199 | 112,533 | 1,234,276 | 1,324,502 |
| Available seat miles (000) | 81,899,992 | 83,084,935 | 84,405,447 | 788,886 | 1,344,287 | 1,209,588 | 256,622 | 2,193,940 | 2,293,945 |
| Revenue passenger load factor (%) | 58.1 | 63.7 | 62.8 | 45.0 | 65.2 | 63.7 | 43.8 | 56.3 | 57.7 |
| Average length of haul (miles) | 1,896 | 2,199 | 2,259 | 134 | 130 | 129 | 321 | 688 | 707 |

*See Airline Categories.
*Source: Air Transport Association of America*


# GO with the TRAVEL LEADER in Montreal

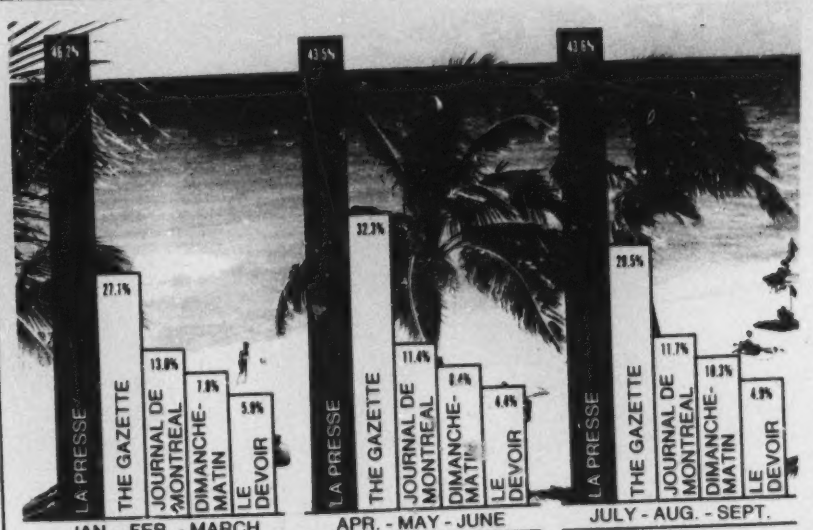
la presse

**TRAVEL SECTIONS**

**NEW YORK** Target Media Company, 28 44th Street, West, Suite 1517, New York, N.Y. 10036 Tel.: (212) 354-0001

**FLORIDA** Hal Herman Associates Inc., 1204 20th Avenue, North, Hollywood, Florida 33020, Tel.: (305) 929-1956

**SOUTHERN STATES** North American Travel Publications Reps Ltd., 1501 Santa Rosa Rd., Richmond VA 23288, Tel.: (804) 285-0133




COMPARISON OF TRAVEL LINEAGE PUBLISHED IN EACH NEWSPAPER'S TRAVEL SECTIONS, FROM JANUARY TO SEPTEMBER 1981

Circulation averages for 6 months ended March 31st, 1981: Source, ABC FAS FAX

| LA PRESSE | Le Journal de Mtl | The Gazette |
|---|---|---|
| Saturday 290,734 | Sunday 285,868 | Saturday 283,183 |

Average September circulation figures to be submitted to ABC:

| Saturday | Sunday | Saturday |
|---|---|---|
| 298,328 | N/A | N/A |

3-08

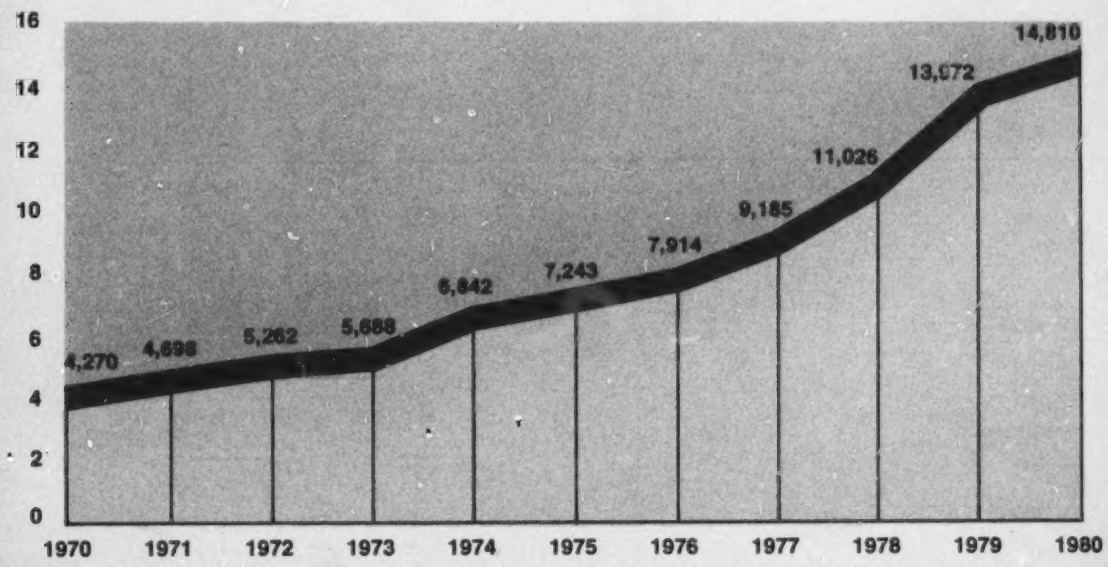
## U.S. SCHEDULED AIRLINES PASSENGER TRAFFIC
## 9 MONTHS 1981

| | DOMESTIC | + INTERNATIONAL* | = TOTAL |
|---|---|---|---|
| **REVENUE PASSENGER MILES FLOWN (000)** | | | |
| 9 Months 1981 | 145,522,123 | 33,680,041 | 179,202,164 |
| 9 Months 1980 | 154,841,050 | 33,922,352 | 188,763,402 |
| % Change | −6.0 | −0.7 | −5.1 |
| **AVAILABLE SEAT MILES FLOWN (000)** | | | |
| 9 Months 1981 | 251,990,357 | 52,480,147 | 304,470,504 |
| 9 Months 1980 | 264,156,648 | 52,898,821 | 317,055,469 |
| % Change | −4.6 | −0.8 | −4.0 |
| **PASSENGER LOAD FACTOR (Per Cent)** | | | |
| 9 Months 1981 | 57.7 | 64.2 | 58.9 |
| 9 Months 1980 | 58.6 | 64.1 | 59.5 |

*Note – Carriers included: Air California, Air Florida, Air New England, Alaska, Aloha, American, Braniff, Capitol, Continental, Delta, Eastern, Frontier, Hawaiian, Midway, Northwest, Ozark, PanAm, Piedmont, PSA, Republic, Texas International, TWA, United, USAir, and Western.*
**Northwest Airlines data not included.*
*Source: Air Transport Association of America*

3-09

## U.S. COMMUTER AIRLINES: GROWTH OF PASSENGERS 1970-1980*

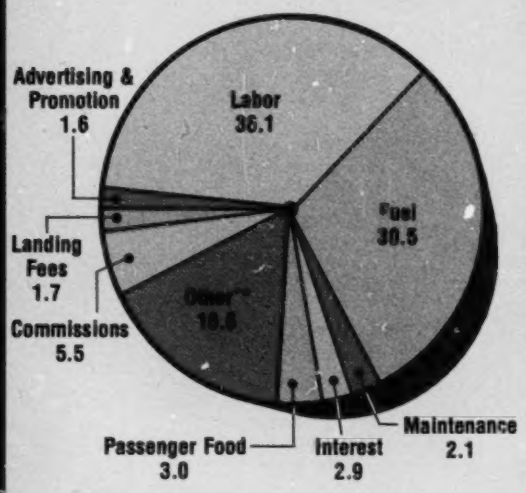



**Includes non-certificated as well as certificated carriers operating aircraft of 60 seats or less, or aircraft with 18,000 pounds payload or less.*
*Source: Commuter Airline Association of America*

3-10

## 1980 AIRLINE EXPENSE DISTRIBUTION*

Trunk and Local Service Airlines




*Based on total operating expense plus interest on long term debt less depreciation and amortization.
**Includes, for example, terminal and office rentals, insurance, utilities, telephone, and miscellaneous supplies.
*Source: Air Transport Association of America*

3-11

## U.S. SCHEDULED AIRLINES: AIRCRAFT ON ORDER*

| Manufacturer | Model | Total on Order |
|---|---|---|
| Airbus Industrie: | A300 | 6 |
| Boeing: | B-727 | 39 |
| | B-737 | 62 |
| | B-757 | 102 |
| | B-767 | 121 |
| Lockheed: | L-1011 | 21 |
| McDonnell Douglas: | DC-9 | 69 |
| | DC-10 | 3 |
| De Havilland: | DHC-7 | 2 |
| Total Aircraft on Order | | 425 |

*As of June 1, 1981.
*Source: Air Transport Association of America*

3-12

## U.S. SCHEDULED AIRLINES: AIRCRAFT IN SERVICE

| Manufacturer | Model | 1970* | 1979 | 1980 |
|---|---|---|---|---|
| Airbus Industrie: | A300 | 0 | 12 | 19 |
| Boeing: | B707 | 399 | 175 | 144 |
| | B720 | 115 | 7 | 3 |
| | B727 | 631 | 1,029 | 1,071 |
| | B737 | 133 | 206 | 215 |
| | B747 | 79 | 131 | 144 |
| British Aircraft Corp.: | BAC111 | 59 | 28 | 27 |
| Convair: | 580/600 (Turboprop) | 142 | 62 | 54 |
| de Havilland: | DHC6/7 (Turboprop) | 0 | 16 | 15 |
| Fairchild: | F27/227 (Turboprop) | 82 | 22 | 6 |
| Lockheed: | Electra (Turboprop) | 36 | 17 | 17 |
| | L382B/100 (Turboprop) | 8 | 12 | 12 |
| | L1011 | 0 | 87 | 102 |
| McDonnell Douglas: | DC8 | 257 | 184 | 134 |
| | DC9 | 327 | 381 | 394 |
| | DC10 | 0 | 140 | 150 |
| Nihon: | YS11 (Turboprop) | 21 | 12 | 9 |
| Swearingen: | Metro (Turboprop) | 0 | 21 | 13 |
| Total: | | | | |
| Jet | | 2,041 | 2,380 | 2,403 |
| Turboprop | | 300 | 162 | 126 |
| Piston | | 80 | 0 | 0 |
| Total | | 2,437 | 2,542 | 2,529 |

*Aircraft no longer operating are included in total but not in detailed listing.
*Source: Air Transport Association of America*

# DOMESTIC AIRLINE FLEET COMPOSITION

(December 31, 1980)

| Airline | Type of Aircraft | Number |
|---|---|---|
| Air California | B-737 | 16 |
| Air Florida | B-737 | 21 |
| | DC-9 | 4 |
| | DC-10 | 1 |
| Air New England | DHC-6 | 10 |
| | FH-227 | 6 |
| Alaska Airlines | B-727 | 10 |
| Aloha Airlines | B-737 | 8 |
| American Airlines | B-707 | 67 |
| | B-727 | 159 |
| | B-747 | 11 |
| | DC-10 | 34 |
| Braniff International | B-727 | 93 |
| | B-747 | 7 |
| | DC-8 | 10 |
| Capitol International | DC-8 | 8 |
| Continental Airlines | B-727 | 56 |
| | DC-10 | 14 |
| Delta Airlines | B-727 | 124 |
| | DC-8 | 19 |
| | DC-9 | 41 |
| | L-1011 | 33 |
| Eastern Airlines | A-300 | 19 |
| | B-727 | 147 |
| | DC-9 | 75 |
| | L-1011 | 31 |
| Evergreen International | DC-8 | 5 |
| | DC-9 | 4 |
| | L-188 | 6 |
| | LR-24 | 1 |
| Flying Tiger Line | B-747 | 19 |
| | DC-8 | 17 |
| Frontier Airlines | B-737 | 42 |
| | CV-580 | 20 |
| Hawaiian Airlines | DC-9 | 9 |
| Midway Airlines | DC-9 | 8 |
| Northwest Airlines | B-727 | 66 |
| | B-747 | 29 |
| | DC-10 | 22 |
| Ozark Airlines | DC-9 | 39 |
| Pan American World Airways | B-707 | 4 |
| | B-727 | 57 |
| | B-747 | 44 |
| | DC-10 | 14 |
| | L-1011 | 6 |
| Piedmont Airlines | B-727 | 6 |
| | B-737 | 36 |
| | YS-11 | 6 |
| Pacific Southwest Airlines | B-727 | 23 |
| | DC-9 | 1 |
| Republic Airlines | DC-9 | 123 |
| | CV-580 | 20 |
| | B-727 | 16 |
| Texas International Airlines | DC-9 | 33 |
| Trans World Airlines | B-707 | 64 |
| | B-727 | 85 |
| | B-747 | 13 |
| | L-1011 | 32 |
| United Airlines | B-727 | 177 |
| | B-737 | 42 |
| | B-747 | 18 |
| | DC-10 | 42 |
| | DC-8 | 43 |
| USAir | B-727 | 13 |
| | BAC-111 | 27 |
| | DC-9 | 53 |
| Western Airlines | B-727 | 44 |
| | B-737 | 16 |
| | DC-10 | 12 |
| Wien Air Alaska | B-737 | 10 |
| Air Canada | B-747 | 7 |
| | L-1011 | 13 |
| | DC-8 | 24 |
| | B-727 | 36 |
| | DC-9 | 41 |
| CP Air | B-727 | 2 |
| | B-737 | 13 |
| | B-747 | 4 |
| | DC-8 | 8 |
| | DC-10 | 5 |

*Source: Air Transport Association of America; Federal Aviation Administration*

# DOMESTIC AIRLINE STATISTICS 1980

| | Employees | Passengers | Departures (000) | Revenue Passenger Miles (000) | Freight Ton Miles (000) | Total Operating Revenues | Net Profit |
|---|---|---|---|---|---|---|---|
| AirCal | 2,062 | 2,964,000 | 46,925 | 1,077,408 | 654 | $ 158,837,811 | $ 9,880,004 |
| Air Florida | 1,503 | 1,714,000 | 40,736 | 923,559 | 522 | 161,261,000 | 5,667,739 |
| Air New England | 605 | 442,000 | 42,286 | 59,049 | 46 | 22,436,329 | 273,367 |
| Alaska | 1,447 | 1,070,319 | 23,887 | 871,249 | 12,264 | 131,085,000 | 5,128,344 |
| Aloha | 1,090 | 2,689,000 | 37,397 | 343,463 | 706 | 84,764,396 | 4,889,340 |
| American | 40,656 | 25,836,000 | 341,681 | 28,178,057 | 529,395 | 3,675,074,000 | (75,792,000) |
| Braniff | 12,067 | 12,153,000 | 198,442 | 11,899,964 | 153,479 | 1,444,094,000 | (118,158,000) |
| Capitol International | 800 | 195,000 | 1,007 | 624,624 | 3,449 | 113,723,000 | (3,839,000) |
| Continental | 9,178 | 8,425,000 | 135,703 | 8,117,489 | 169,192 | 988,328,908 | (20,703,681) |
| Delta | 36,445 | 38,597,000 | 536,039 | 26,012,621 | 198,826 | 3,301,917,000 | 130,469,000 |
| Eastern | 40,503 | 39,494,000 | 554,971 | 28,221,612 | 241,407 | 3,452,541,953 | (17,358,031) |
| Evergreen | 369 | 39,000 | 278 | 43,375 | — | 57,612,000 | (1,003,615) |
| Flying Tiger Line* | 6,523 | 22,892 | 23,013 | 1,302,430 | 1,738,358 | 819,926,000 | 10,403,000 |
| Frontier | 5,558 | 6,017,000 | 187,954 | 2,944,912 | 11,641 | 466,829,187 | 22,343,474 |
| Hawaiian | 1,229 | 3,292,000 | 40,431 | 423,736 | 1,838 | 116,171,000 | (2,434,191) |
| Midway | 400 | 254,000 | 6,292 | 87,595 | — | 24,961,222 | (5,042,267) |
| Northwest | 12,859 | 11,501,000 | 171,884 | 13,810,889 | 528,204 | 1,628,233,000 | 7,084,000 |
| Ozark | 3,905 | 3,847,000 | 117,441 | 1,572,366 | 4,579 | 296,816,224 | (289,714) |
| Pan Am | 32,259 | 15,217,000 | 168,027 | 30,180,958 | 971,089 | 3,638,934,000 | (247,610,000) |
| Piedmont | 5,702 | 5,707,000 | 168,191 | 2,362,918 | 7,775 | 408,039,656 | 16,062,101 |
| PSA | 3,362 | 6,006,000 | 70,068 | 2,000,821 | 4,203 | 301,556,100 | 4,230,100 |
| Republic** | 14,709 | 17,361,000 | 536,568 | 7,004,166 | 25,349 | 1,239,955,000 | (24,662,000) |
| Texas International | 3,347 | 4,345,000 | 95,331 | 2,241,586 | 6,078 | 293,275,492 | 3,622,139 |
| Trans World | 33,852 | 20,396,000 | 254,948 | 28,101,164 | 274,179 | 3,278,403,695 | 21,888,178 |
| United | 50,016 | 32,358,000 | 466,136 | 37,892,960 | 539,767 | 4,373,231,139 | (23,226,343) |
| USAir | 10,099 | 14,213,000 | 283,624 | 5,475,582 | 15,031 | 971,825,000 | 60,386,000 |
| Western | 10,968 | 9,877,000 | 141,777 | 8,790,355 | 128,450 | 995,755,243 | (29,632,531) |
| Wien Air Alaska | 1,200 | 709,000 | 68,430 | 389,111 | 12,937 | 126,551,836 | 1,557,036 |
| Air Canada | 23,418 | 13,000,000 | 193,714 | 14,759,000 | 307,000 | 1,905,862,000 | 57,042,000 |
| CP Air | 8,291 | 3,628,000 | 47,251 | 5,797,239 | 118,899 | 683,782,000 | 6,839,000 |

*Acquired Seaboard World Airlines in October 1980.
**Acquired Hughes Airwest in October 1980.
Source: Air Transport Association of America

# A Heck of a strong case for advertising in OHRG...

THE COPLEY PLAZA
COPLEY SQUARE, BOSTON, MASSACHUSETTS 02116

February 25, 1981

Mr. Bob Oliv
New England Sales Manager
Official Hotel & Resort Guide
One Park Avenue
New York, N.Y. 10016

Dear Bob:

Over the past ten years, I have been approached to purchase advertising in many different hotel directories, Official Hotel & Resort Guide being one of them.

As a hotelier, my primary interest in hotel directories is to use them as a vehicle to favorably present my hotel products to travel agents. That way, they can see that my hotels are appropriate for their discriminating clients.

I set about to determine various usage characteristics of travel agents in terms of hotel directories. Part of this survey involved a very simple technique.

As I travelled about the world, be it for business or pleasure, I would call upon travel agencies and simply ask them to give me advice about very good hotels in Boston. In all cases, the travel agents would refer to hotel directories to provide the requested information.

I must tell you that, in all cases of this survey, Official Hotel & Resort Guide was used as the travel agent's reference.

Specifically, I visited 25 cities over the past four years and, of the 109 agencies I contacted in those cities, each agency referred to Official Hotel & Resort Guide for specific information about Boston hotels.

For that reason, The Copley Plaza Hotel is happy to buy a full-page advertisement in Official Hotel & Resort Guide.

Cordially,

William H. Heck
Manager

WHH/lt

## OHRG... Get into it and see what you'll get out of it!

**OFFICIAL HOTEL & RESORT GUIDE**
One Park Avenue
New York, New York 10016
(212) 725-3837
CABLE: CALACOUR TELEX: 125478

3-15

## AIR TRAFFIC AT TOP 30 U.S. AIRPORTS 1980

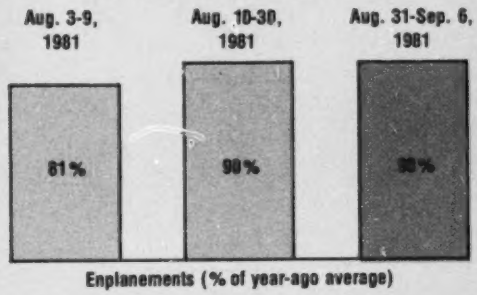
| | Passengers (Arriving & Departing) | Aircraft Movements (Landings & Takeoffs) |
|---|---|---|
| Chicago O'Hare | 43,653,167 | 724,155 |
| Atlanta | 40,180,311 | 612,525 |
| Los Angeles | 33,038,159 | 523,961 |
| New York (JFK) | 26,796,066 | 307,527 |
| San Francisco | 22,248,127 | 359,146 |
| Dallas/Ft. Worth | 21,951,355 | 463,447 |
| Denver | 20,848,864 | 486,888 |
| Miami | 20,505,012 | 396,563 |
| New York (LGA) | 17,459,336 | 316,811 |
| Boston | 14,722,363 | 296,851 |
| Washington, D.C. (DCA) | 14,538,446 | 352,166 |
| Honolulu | 14,036,350 | 375,408 |
| Pittsburgh | 11,452,712 | 355,279 |
| Houston | 10,694,968 | 286,296 |
| Las Vegas | 9,929,316 | 357,412 |
| Detroit | 9,759,404 | 267,280 |
| Philadelphia | 9,597,201 | 334,058 |
| Newark | 9,223,260 | 196,781 |
| Seattle | 9,194,496 | 212,744 |
| Minneapolis/St. Paul | 9,024,472 | 282,027 |
| St. Louis | 8,299,288 | 337,818 |
| Tampa | 7,689,399 | 231,161 |
| Phoenix | 6,585,854 | 376,421 |
| Orlando | 6,532,396 | 155,658 |
| New Orleans | 6,329,612 | 193,152 |
| Cleveland | 6,122,587 | 222,854 |
| Ft. Lauderdale | 6,024,879 | 273,207 |
| San Juan | 5,419,573 | 194,434 |
| Kansas City | 5,306,075 | 172,897 |
| Memphis | 5,216,644 | 324,089 |

*Source: Air Transport Association of America; Airport Operators Council International*

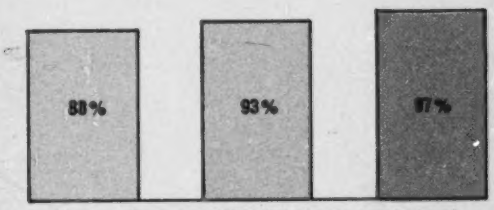
3-16

## IMPACT OF PATCO STRIKE ON SCHEDULED DOMESTIC AIRLINE OPERATIONS

TRAFFIC

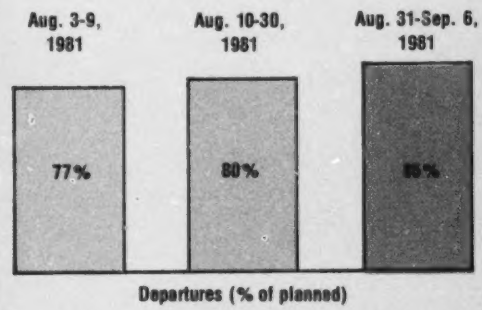



Enplanements (% of year-ago average)

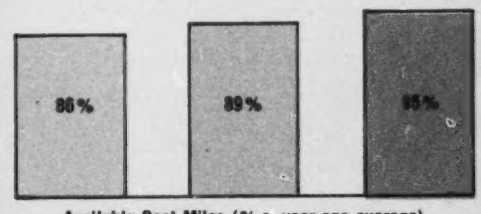



Revenue Passenger Miles (% of year-ago average)

CAPACITY




Departures (% of planned)




Available Seat Miles (% o. year-ago average)

LOAD FACTORS

| | Aug. 3-9, 1981 | Aug. 10-30, 1981 | Aug. 31-Sep. 6, 1981 |
|---|---|---|---|
| Actual Monthly | 66% | 67% | 66% |
| Average 1980 | 64% | 64% | 64% |

*Source: Air Transport Association of America*

## INTERNATIONAL AIRLINES

1980 was a difficult year for the international airline industry. After demonstrating a 9% average annual growth rate in scheduled international passenger traffic during the 1970s, carrier members of the International Air Transport Association (IATA) reported a comparatively low 3% traffic increase for the first year of the new decade. While international passenger kilometres flown during 1981 are expected to rise by 4%, IATA forecasters have revised previous traffic estimates for the next five years and now call for an average annual growth rate of 6% through 1986. (3-18)

Reasons behind the slackening pace are varied, although IATA specifically cites: economic recessions in a number of key traffic-generating countries; a slower rate of consumer spending; fluctuations in exchange rates; and fare increases sparked by inflation and a sharp rise in fuel prices. Compounding the traffic problem are high interest rates and a strengthened U.S. currency. Since many international carriers must borrow dollars to pay for U.S.-made equipment, and since a large proportion of jet fuel is also purchased in dollars, airlines around the globe have been plagued by enormous operating losses and dwindling profits.

### Worldwide Airline Results

1980 has already gone down in history as the worst financial year ever for worldwide scheduled carriers. As a group, the airlines posted an operating deficit of $500 million — down from a surplus of over $3 billion in 1978 — and a scheduled passenger load factor that was two percentage points under the 1979 level. (3-19) Moreover, the number of passengers carried on scheduled international flights receded dramatically to only 2% above the prior year total after having risen sharply in both 1978 and 1979. (3-17)

Charter operations of scheduled and non-scheduled carriers continued to fall off in 1980, reflecting the impact of recession on international vacation travel and consumer preference for regularly scheduled service. Since 1971, the charter share of the market has dropped from 16% to 9%, and in 1980 alone, non-scheduled international traffic declined by 5% among scheduled carriers and by over 13% among supplemental airlines. (3-17)

The performance of IATA carriers in 1980 — both in terms of passenger traffic and revenue results — was not any better than that of all world airlines. While scheduled international passenger kilometres increased by 3% over 1979, a corresponding drop of 3% in scheduled domestic traffic created a stagnant growth situation. (3-20) The results look even worse when compared to 1979, a year in which IATA scheduled traffic rose 13% internationally and 9% domestically. Likewise, scheduled passenger load factors — having achieved record levels in 1979 — declined by over three percentage points to 61% (on domestic and international routes) in 1980.

IATA carriers' revenue statistics for 1980 were the poorest on record. Following a significant deterioration in 1979, when operating results dropped from $1.9 billion to zero, 1980 net results for scheduled/non-scheduled and international/domestic services combined showed a $1 billion deficit. (3-21) This occured despite the fact that yields actually improved, although operating revenues of some $33.2 billion fell far short of expenditures (including interest payments) of $35.7 billion for the year. At this point, 1981 is not expected to be any better, with IATA predicting an operating loss of up to $900 million on scheduled international services and an overall operating deficit (including interest payments) of $2.1 billion.

### North Atlantic Operations

Increased operating costs, fare hikes, and economic recession combined to produce a meager 1% growth in passenger traffic on North Atlantic routes in 1980. (3-23) While the total number of passengers on scheduled flights grew by 5%, this was offset by a 24% drop in charter traffic. Similarly, flights to and from U.S. gateways increased 2%, but Canadian traffic fell by 4% from the 1979 level.

Load factors on transatlantic routes managed to hold at 67% for the year. (3-22) However, peak period factors averaged about 75%, under the record 80% achieved during the summer of 1979. As it was, non-U.S. citizen travel accounted for whatever stability the market maintained in 1980. The relative weakness of the U.S. dollar against European currencies attracted a flood of foreign tourists, their numbers rising by 12%, while Americans flying across the Atlantic were 6% fewer. For the first time, the non-U.S. citizen share of passengers traveling transatlantic routes exceeded 50%. (3-27)

Of the 18.8 million passengers who comprised the transatlantic market in 1980, 27% utilized normal (Concorde, first-class, economy) fares, up from 26.2% in 1979. This happened despite the fact that the average economy fare actually rose faster than the consumer price index for the first time in recent history and may be attributable to increased usage of "business class" service. (3-24,3-25) Apex and Super-Apex fares, however, were responsible for generating most of the traffic in 1980 — 40% of the total versus 37% in 1979 — as many travelers preferred this fare type to regular excursion and other promotional tariffs. Since 1978, the year in which deregulation set off traffic-stimulating price wars, the public's use of advance purchase excursion fares has increased steadily. This trend is expected to continue as transatlantic carriers prepare to raise fares from 5% to 14% by the end of 1981.

For the first half of 1981, North Atlantic traffic on scheduled carriers showed a reasonable improvement over the same period in 1980. The number of passengers counted on east and westbound routes was 7% higher, and although charter traffic dropped by 25%, overall resulted demonstrated a 4% increase. Load factors were also up by over three percentage points for the six-month span. (3-26)

Calendar year figures, however, will tell the whole story. While the dollar rebound in international money markets is expected to have a positive impact on outbound transatlantic traffic, it could have an equal and opposite effect on arrivals. Airline analysts generally agree that the change in the dollar's status came too late to alter peak period traffic patterns, and

IATA still anticipates a money-losing year for North Atlantic carriers, regardless of a boost in the passenger count. Moreover, as previously noted, the comeback of the dollar had serious repercussions for international airlines which paid for equipment and fuel in U.S. currency. Though the cost of a gallon of jet fuel stabilized in dollar terms during the first part of 1981, the price continued to rise for foreign carriers and accounted for at least 30% of operating expenses.

## U.S. International Traffic

According to statistics compiled by the U.S. Department of Transportation, air passenger travel between the United States and other world regions increased by 6% in 1980. This reflects a 9% advance in scheduled traffic combined with a 28% decline in charter operations. While passengers traveling on U.S.-flag carriers rose by 2%, those booking foreign airlines were 10% greater. As a result, the domestic carrier share of the international air travel market dropped from 51% in 1979 to 49% in 1980. (3-27)

The fall-off in passengers flying U.S. airlines on international routes dates back several years and can be directly traced to the dwindling numbers of Americans traveling abroad. In 1980, a smaller proportion of U.S. citizens on flights between domestic gateways and destinations in Central America/Mexico, Europe, Africa, and Oceania resulted in corresponding decreases in the U.S.-flag carriers' market share. Likewise, an increase in the U.S. citizen portion of Middle East traffic caused a hike in the domestic airlines' share of passengers. South America was the only market in which U.S. carriers maintained their percentage of the traffic, despite a notable decline in the U.S. citizen share of passengers. (3-27)

As of mid-1981, U.S. citizens still comprised 48% of all U.S.-international air passengers, and U.S. carriers transported the same 49% share of the traffic. During the six-month period, the total number of air travelers was up 3% above the first half of 1980, although U.S.-flag passengers increased 1% compared to a 5% jump for foreign-flag passengers. Markets in which domestic airlines saw their biggest losses for the January-June span included Europe, Africa, and the Far East.

How U.S. carriers will fare in the international air travel market has been the subject for much speculation. While the PATCO strike had no significant effect on operations per se, the upset in the air traffic control situation led the U.S. government to revise its negative stance towards IATA as a regulatory entity. In response to a presidential request outlining the need for international cooperation with "aviation partners abroad" in the aftermath of the strike, the CAB postponed plans for a proposed withdrawal of IATA's antitrust immunity in this country. At this point, any move to reduce IATA's influence on the international operations of U.S. airlines has been tabled until January 15, 1982.

## Outlook for 1982

After two years of serious financial losses, the future of the international airline industry depends not only on IATA's role in setting pricing policies but on individual carrier efforts to trim operations and attract more passengers. That means covering operating costs, preparing for equipment purchases, and keeping fares in line with consumers' ability to pay — formidable challenges. For the time being, the airlines are using several strategies to become economically viable again. These include selling assets, cutting staff, eliminating unprofitable routes, and developing marketing programs to lure full-fare business passengers as well as discounted leisure traffic.

"The airlines continue to face an uphill task," says IATA's director general Knut Hammarskjold, "and the very survival of some of them may be put at risk, particularly as regards privately owned carriers with no government backing. But there is also the opportunity for innovative solutions, and the airlines are all closely reexamining the ways that they do business, streamlining their operations to reduce costs and looking at prospects for diversification."

## Definitions

**SCHEDULED SERVICES** *(Revenue)* Scheduled flights performed according to a published timetable, or so regular or frequent as to constitute a recognisably systematic series which are open to use by the public; extra flights occasioned by overflow traffic from the scheduled flights; and preparatory revenue flights on planned air services.

**NON-SCHEDULED FLIGHTS** *(Revenue)* Charter flights and special flights performed for remuneration on an irregular basis, including empty flights related thereto and "inclusive tours" other than those reported under scheduled services.

**REVENUE** This term used in expressions concerning:
a) operations — relates to flights and flight stages for which remuneration is received.
b) passengers — relates to passengers paying 25% or more of the normal applicable fare.

**NUMBER OF REVENUE PASSENGERS CARRIED** Each passenger on a particular flight (with one flight number) should be counted once only and not repeatedly on each individual flight stage of that flight, with the single exception that passengers flying on both international and domestic flight stages of the same flight number may be broken down at the gateway point.

**REVENUE PASSENGER KILOMETRES FLOWN** The sum of the products obtained by multiplying the number of revenue passengers carried on each flight stage by the flight stage distance.

**AVAILABLE SEAT-KILOMETRES** The sum of the products obtained by multiplying the number of passenger seats available on each flight stage by the flight stage distance. Excluded from the calculations are seats not actually available for sale.

**REVENUE PASSENGER LOAD FACTOR** Revenue passenger kilometres expressed as a percentage of available seat-kilometres.

**REVENUE TONNE-KILOMETRES PERFORMED** The sum of the products obtained by multiplying the number of tonnes of revenue load carried on each flight stage by the flight stage distance. Separate calculations are made for passengers (including baggage), freight (including express) and mail.

**AVAILABLE TONNE-KILOMETRES** The sum of the products obtained by multiplying the number of tonnes available for the carriage of revenue load (passengers, baggage, freight, mail) on each sector of a flight by the sector distance.

**REVENUE WEIGHT LOAD FACTOR** Total revenue tonne-kilometres performed expressed as a percentage of available tonne-kilometres.

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John Fitts, Vice President, Marketing
Radisson Hotel Corporation
(Division of Carlson Companies)
Minneapolis, Minnesota

Corporate and business travel account for 85% of the bookings at Radisson Hotels. And about half of this business is conventions, meetings and seminars.

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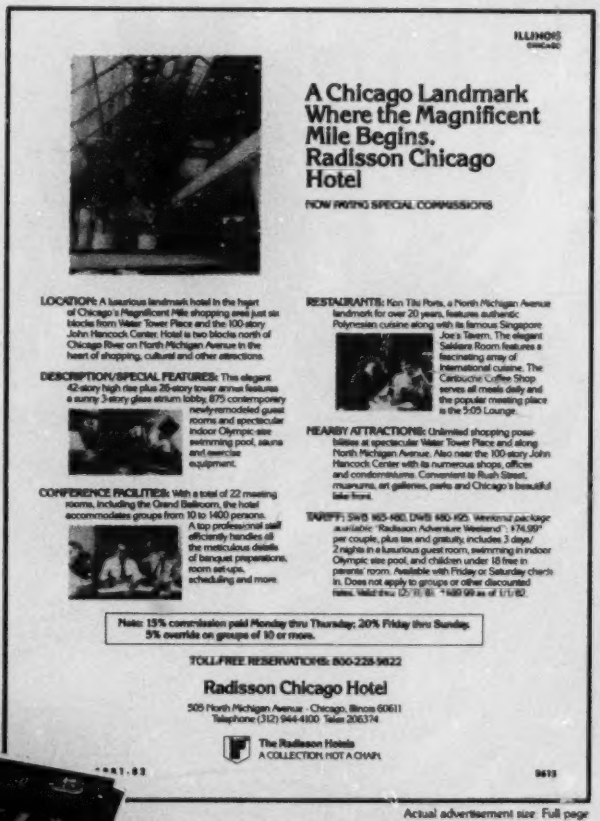
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## WORLD AIR INTERNATIONAL TRANSPORT OPERATIONS 1976-1980

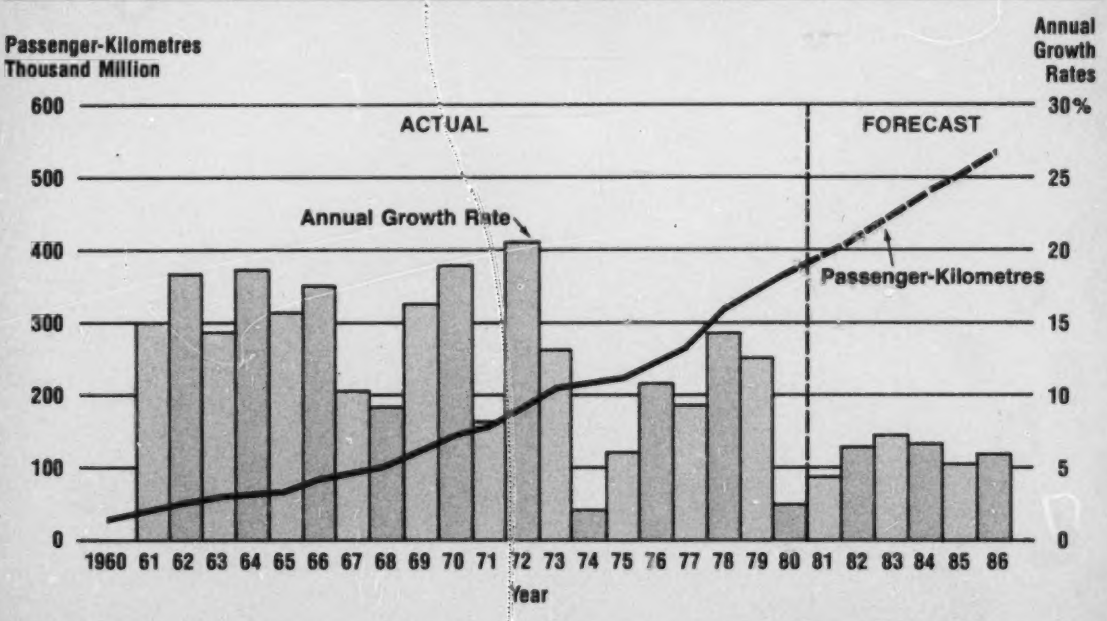
(Including USSR)

| SCHEDULED SERVICES | 1976 | ± Change | 1977 | ± Change | 1978 | ± Change | 1979 | ± Change | 1980[1] | ± Change |
|---|---|---|---|---|---|---|---|---|---|---|
| * Passengers Carried | 118,500 | 10.1% | 128,000 | 8.0% | 142,000 | 10.9% | 158,000 | 11.3% | 161,000 | 1.9% |
| * Freight Tonnes Carried | 3,130 | 13.2% | 3,495 | 11.8% | 3,860 | 10.4% | 4,200 | 8.8% | 4,400 | 4.8% |
| ○ Passenger Kilometres Flown | 302,000 | 11.7% | 332,000 | 9.9% | 384,000 | 15.7% | 440,000 | 14.6% | 463,000 | 5.2% |
| ○ Available Seat-Kilometres | 527,000 | 8.7% | 566,000 | 7.4% | 624,000 | 10.2% | 698,000 | 11.9% | 759,000 | 8.7% |
| Passenger Load Factor | 57.3% | 1.6 | 58.7% | 1.5 | 61.5% | 2.7 | 63.0% | 1.5 | 61.0% | −2.0% |
| ○ Tonne-Kilometres Performed: | | | | | | | | | | |
| *Passenger (incl. baggage)* | 27,490 | 12.3% | 30,290 | 10.2% | 35,170 | 16.1% | 40,180 | 14.2% | 42,480 | 5.7% |
| *Freight* | 13,370 | 14.3% | 15,060 | 12.6% | 16,930 | 12.4% | 18,940 | 11.9% | 20,200 | 6.7% |
| *Mail* | 1,260 | 4.1% | 1,320 | 4.8% | 1,350 | 2.3% | 1,410 | 4.4% | 1,520 | 7.8% |
| TOTAL | 42,120 | 12.8% | 46,670 | 10.8% | 53,450 | 14.5% | 60,530 | 13.2% | 64,200 | 6.1% |
| ○ Available Tonne-Kilometres | 78,460 | 9.2% | 84,670 | 7.9% | 92,470 | 9.2% | 102,700 | 11.0% | 112,000 | 9.1% |
| Weight-Load Factor | 53.7% | 1.2 | 55.1% | 1.4 | 57.8% | 2.7 | 58.9% | 1.1 | 57.3% | −1.6 |
| **NON-SCHEDULED SERVICES — SCHEDULED AIRLINES** | | | | | | | | | | |
| ○ Passenger Kilometres Flown | 39,900 | 6.4% | 41,000 | 2.8% | 41,090 | 0.2% | 36,700 | −10.7% | 35,000 | −4.6% |
| ○ Tonne-Kilometres Performed | 4,880 | 10.0% | 5,220 | 7.0% | 5,290 | 1.3% | 5,080 | −4.0% | 4,900 | −3.5% |
| ○ Available Tonne-Kilometres | 7,530 | 10.1% | 8,070 | 7.2% | 7,770 | −3.7% | 7,780 | 0.1% | 7,770 | −1.0% |
| **NON-SCHEDULED SERVICES — NON-SCHEDULED OPERATORS** | | | | | | | | | | |
| ○ Passenger Kilometres Flown | 60,000 | 2.4% | 66,000 | 10.0% | 72,000 | 9.1% | 74,000 | 2.8% | 64,000 | −13.5% |
| ○ Tonne-Kilometres Performed | 7,130 | 5.6% | 7,700 | 8.0% | 8,310 | 7.9% | 7,950 | −4.3% | 7,000 | −11.9% |
| ○ Available Tonne-Kilometres | 9,770 | 5.2% | 10,700 | 9.5% | 12,000 | 12.1% | 11,100 | −7.5% | 10,000 | −9.9% |
| **SCHEDULED AND NON-SCHEDULED SERVICES COMBINED — ALL OPERATORS** | | | | | | | | | | |
| ○ Passenger Kilometres Flown | 401,900 | 8.9% | 439,000 | 9.2% | 497,090 | 13.2% | 550,700 | 10.8% | 562,000 | 2.1% |
| ○ Tonne-Kilometres Performed | 54,130 | 11.6% | 59,590 | 10.1% | 67,050 | 12.5% | 73,560 | 9.7% | 76,100 | 3.5% |
| ○ Available Tonne-Kilometres | 95,760 | 9.3% | 103,440 | 8.0% | 112,240 | 8.5% | 121,580 | 8.3% | 129,700 | 6.7% |

○ in millions
* in thousands
[1] *Preliminary*
*Source: ICAO; IATA*



## TOTAL IATA INTERNATIONAL SCHEDULED PASSENGER TRAFFIC 1960-1986

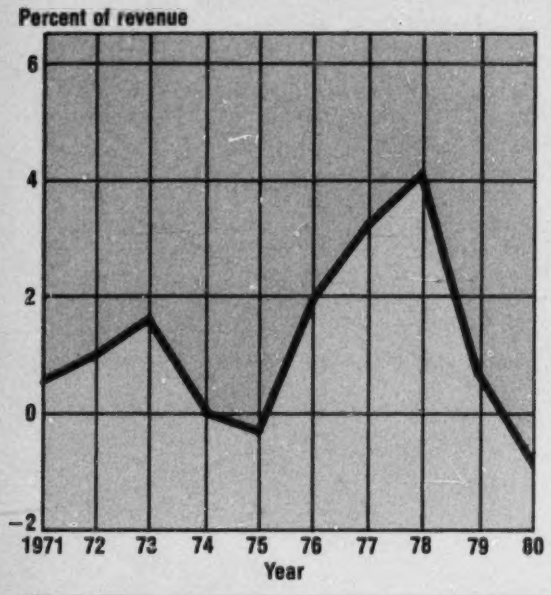



*Source: IATA*

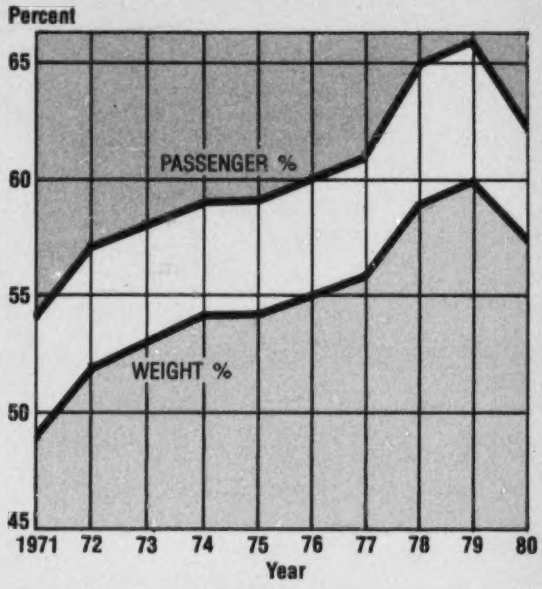
3-19

## WORLD SCHEDULED AIRLINES: NET REVENUES AND LOAD FACTORS

Net results 1971-1980




Scheduled load factors 1971-1980 (including USSR)




*Source: ICAO; IATA*

3-20

## GROWTH OF TRAFFIC AND CAPACITY FOR IATA AIRLINES 1980

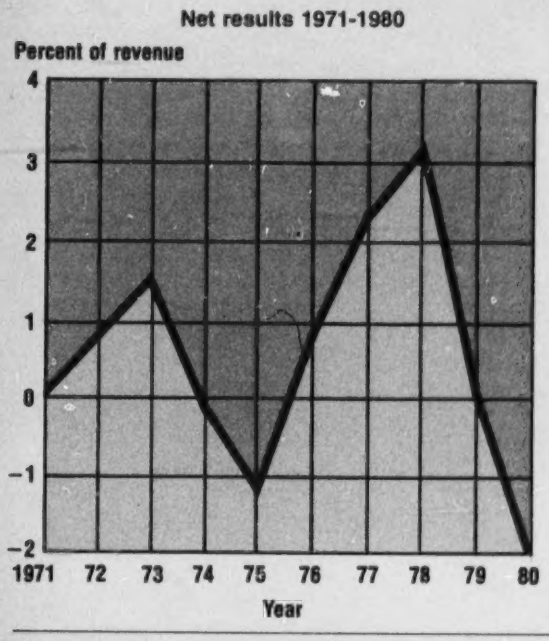
Percentage change — 1980 over 1979*

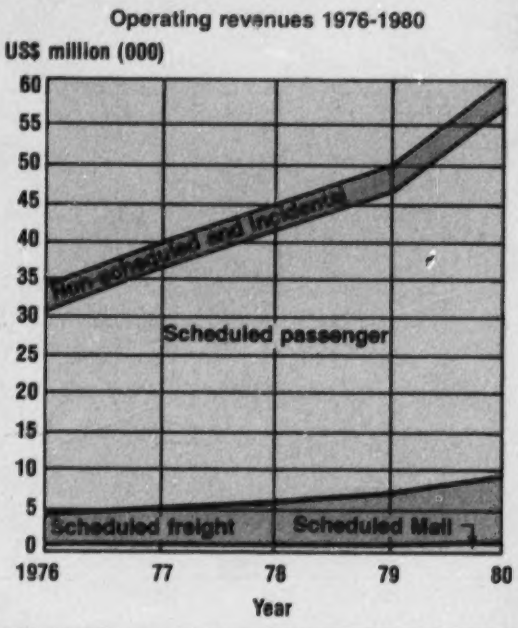
| | Kilometres Flown | Aircraft Departures | Hours Flown | Passenger Kilometres Flown | Tonne-Kilometres Performed | Available Tonne-Kilometres |
|---|---|---|---|---|---|---|
| **Total scheduled services** | | | | | | |
| International | 1.9% | 1.0% | 1.5% | 3.4% | 4.2% | 6.8% |
| Domestic | 0.1% | −2.9% | −1.4% | −3.1% | −1.7% | 3.9% |
| TOTAL | 0.9% | −1.8% | −0.2% | 0.3% | 1.7% | 5.6% |
| **Non-scheduled services** | | | | | | |
| International | −6.6% | −11.2% | −8.3% | 2.2% | 4.4% | 2.4% |
| Domestic | 0.1% | 5.3% | −0.3% | −5.4% | −0.8% | −0.1% |
| TOTAL | −5.1% | −1.5% | −6.0% | 0.8% | 3.6% | 1.9% |
| **Total all services** | | | | | | |
| International | 1.4% | 0.4% | 0.9% | 3.8% | 4.2% | 6.5% |
| Domestic | 0.1% | −2.7% | −1.4% | −3.1% | −1.7% | 3.9% |
| TOTAL | 0.7% | −1.8% | −0.4% | 0.3% | 1.8% | 5.4% |

**Preliminary*
*Source: IATA*

3-21

## IATA AIRLINES REVENUE RESULTS

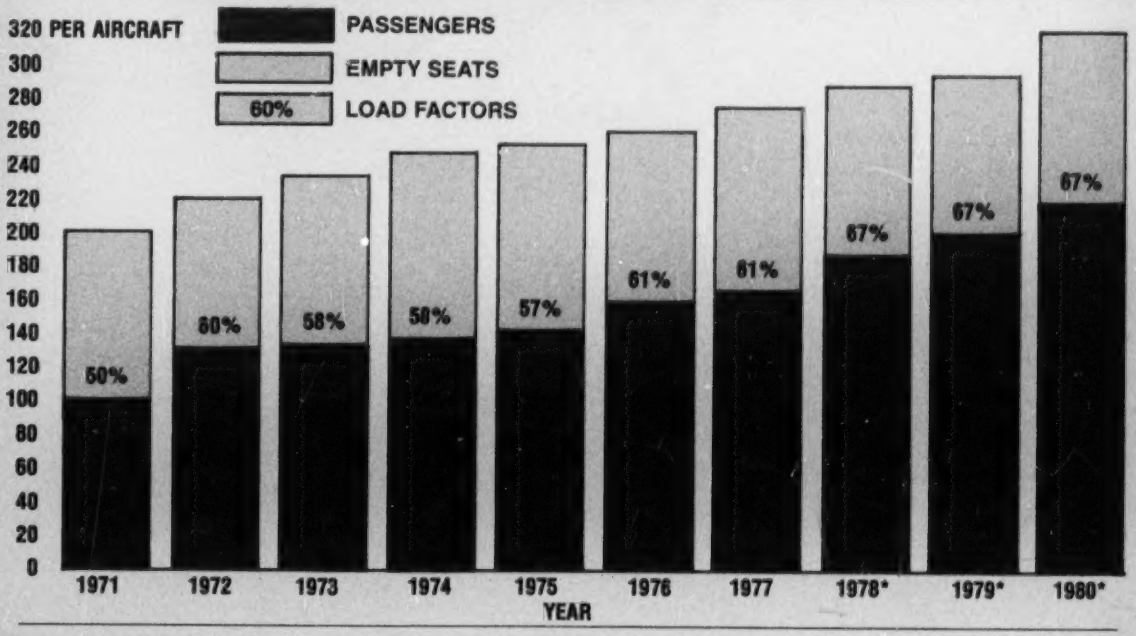



*Source: IATA*

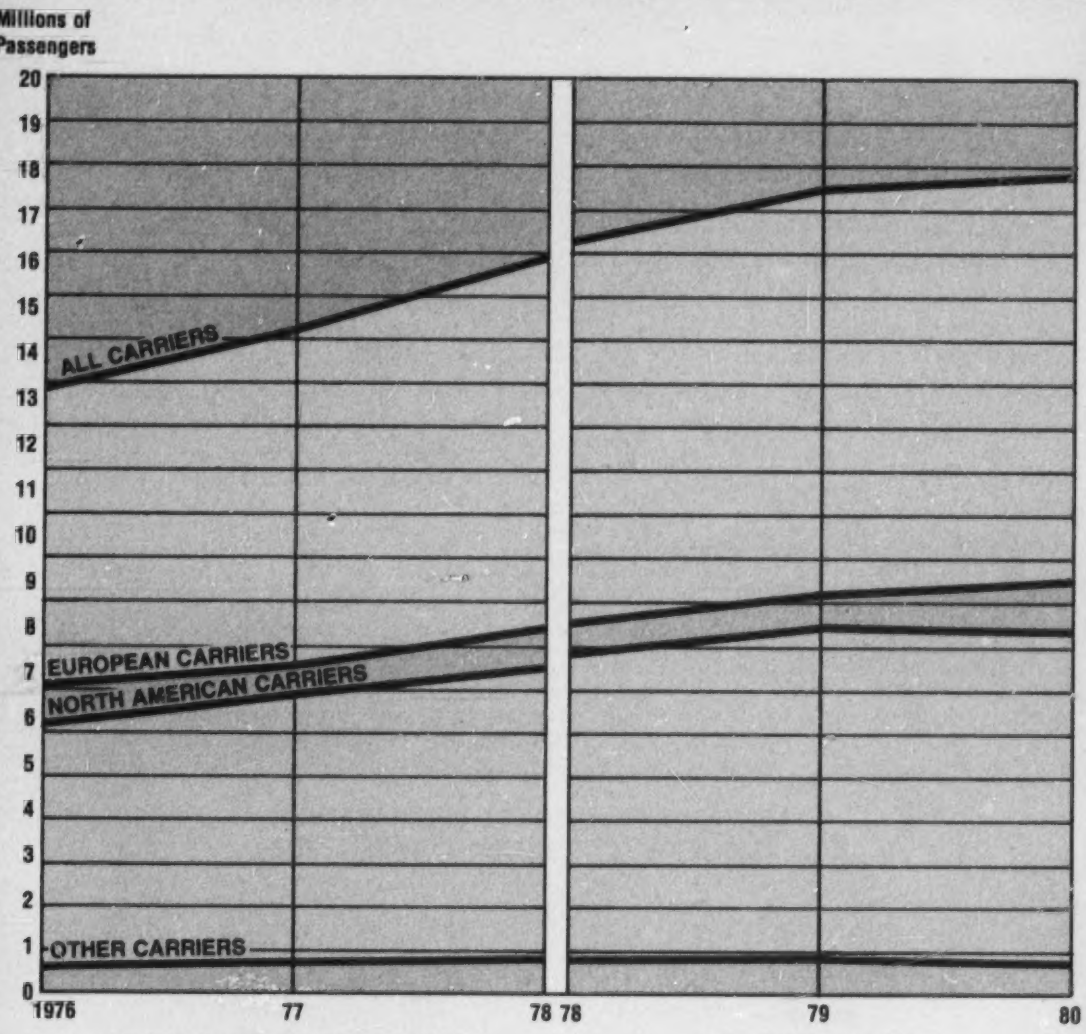
3-22

## NORTH ATLANTIC AVERAGE SEATS AND PASSENGERS PER AIRCRAFT 1971-1980




**Includes flights via Miami.*
*Source: IATA*

## TOTAL NORTH ATLANTIC PASSENGER TRAFFIC 1976-1980



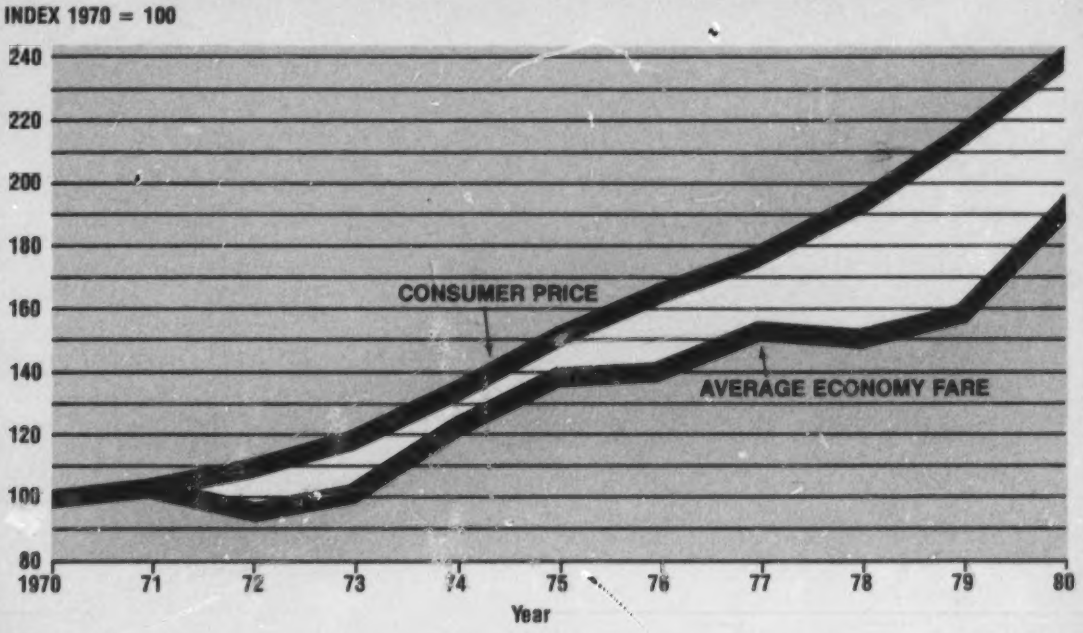

## TOTAL NORTH ATLANTIC PASSENGER TRAFFIC 1976-1980
## SCHEDULED AND CHARTER OPERATIONS

| PASSENGERS (000) | 1976 | ± Change | 1977 | ± Change | 1978 | ± Change | 1978 | 1979 | ± Change | 1980 | ± Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Excludes transatlantic flights via Miami gateway | | | | | | | Includes flights via Miami gateway | | | |
| European Carriers | 7,027 | 10.8% | 7,531 | 7.2% | 8,475 | 12.5% | 8,635 | 9,153 | 6.0% | 9,547 | 4.3% |
| North American Carriers | 6,236 | 9.9% | 6,977 | 11.9% | 7,574 | 8.6% | 7,961 | 8,594 | 7.9% | 8,430 | −1.9% |
| Other Carriers | 572 | 40.9% | 614 | 7.3% | 778 | 26.7% | 784 | 842 | 7.4% | 798 | −5.2% |
| TOTAL | 13,834 | 11.4% | 15,122 | 9.3% | 16,828 | 11.3% | 17,380 | 18,589 | 7.0% | 18,775 | 1.0% |
| MARKET SHARE | | | | | | | | | | | |
| European Carriers | 50.8% | −0.2 | 49.8% | −1.0 | 50.4% | 0.6 | 49.7% | 49.3% | −0.4 | 50.8% | 1.5 |
| North American Carriers | 45.1% | −0.6 | 46.1% | 1.0 | 45.0% | −1.1 | 45.8% | 46.2% | 0.4 | 44.9% | −1.3 |
| Other Carriers | 4.1% | 0.8 | 4.1% | — | 4.6% | 0.5 | 4.5% | 4.5% | — | 4.3% | −0.2 |
| TOTAL | 100.0% | | 100.0% | | 100.0% | | 100.0% | 100.0% | | 100.0% | |

*Source: IATA*

3-24

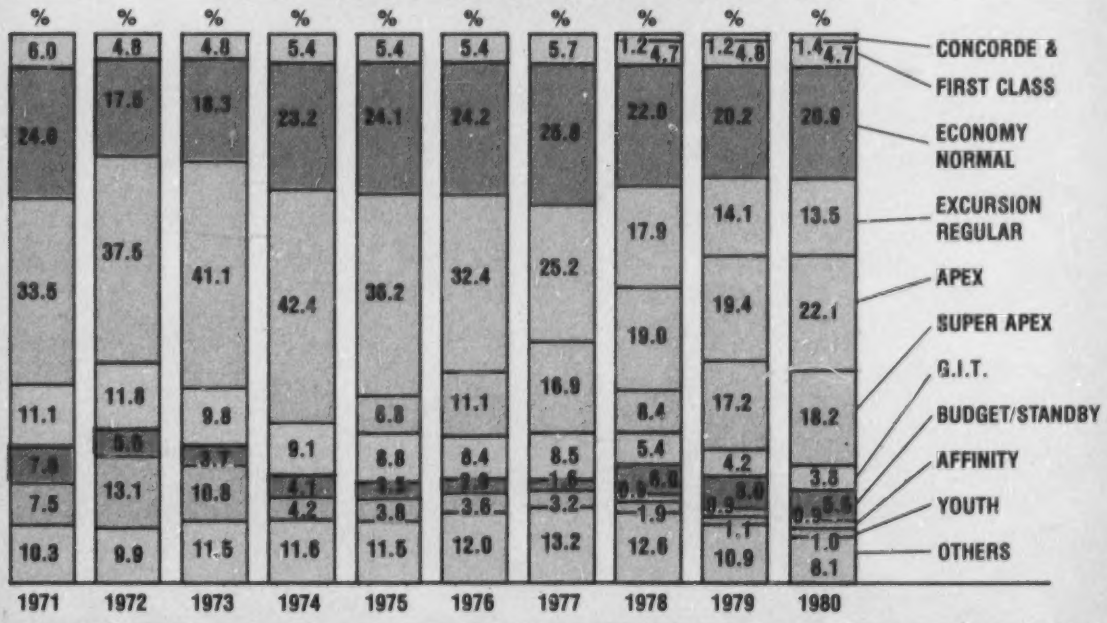
## NORTH ATLANTIC FARES COMPARED TO CONSUMER PRICE INDEX*




*OECD weighted composite price index for the U.S., Canada, and Western Europe.
Source: OECD; IATA

3-25

## IATA NORTH ATLANTIC SCHEDULED SERVICES PASSENGER DISTRIBUTION BY FARE TYPE




Source: IATA

3-26

## NORTH ATLANTIC AIR TRAFFIC FIRST HALF 1981

| | | ALL SERVICES | | SCHEDULED SERVICES | | CHARTER SERVICES | |
|---|---|---|---|---|---|---|---|
| | | Number | % Change Over 1980 | Number | % Change Over 1980 | Number | % Change Over 1980 |
| FLIGHTS | — TOTAL | 43,922 | −3.0 | 41,049 | −1.0 | 2,873 | −25.0 |
| | — PASSENGER | 39,618 | −1.7 | 37,018 | 0.5 | 2,600 | −25.1 |
| | — ALL-CARGO | 4,304 | −13.4 | 4,031 | −12.6 | 273 | −23.7 |
| SEATS | —TOTAL | 12,217,965 | −0.6 | 11,616,576 | 0.9 | 601,389 | −23.2 |
| PASSENGERS | — TOTAL | 8,173,749 | 3.9 | 7,664,914 | 6.6 | 508,835 | −24.8 |
| | — EASTBOUND | 4,104,849 | 3.4 | 3,849,261 | 6.0 | 255,588 | −24.5 |
| | — WESTBOUND | 4,068,900 | 4.4 | 3,815,653 | 7.2 | 253,247 | −25.2 |
| LOAD FACTOR | — TOTAL | 66.9% | 2.9p* | 66.0% | 3.5p* | 84.6% | −1.8p* |

*Changes in load factor over previous year are percentage points.
Source: IATA

3-27

## AIR PASSENGER TRAVEL BETWEEN U.S. AND WORLD REGIONS

Arrivals and Departures

| Region | Year | Total Passenger Traffic | | | | |
|---|---|---|---|---|---|---|
| | | % of Total | Total Traffic (000) | 1979/80 % Change | % U.S. Citizen | % U.S. Flag |
| All Regions | 1979 | — | 37,296 | | 52 | 51 |
| | 1980 | — | 39,513 | +5.9 | 48 | 49 |
| Central America/Mexico | 1979 | 17 | 6,358 | | 59 | 57 |
| | 1980 | 18 | 6,938 | +9.1 | 55 | 54 |
| Caribbean | 1979 | 18 | 6,863 | | 68 | 68 |
| | 1980 | 17 | 6,883 | +.3 | 67 | 69 |
| South America | 1979 | 8 | 2,820 | | 30 | 45 |
| | 1980 | 8 | 3,344 | +18.6 | 27 | 45 |
| Europe | 1979 | 40 | 14,853 | | 53 | 44 |
| | 1980 | 39 | 15,306 | +3.1 | 48 | 42 |
| Africa | 1979 | 1 | 255 | | 57 | 48 |
| | 1980 | 1 | 289 | +13.4 | 49 | 43 |
| Middle East | 1979 | 2 | 635 | | 56 | 27 |
| | 1980 | 2 | 611 | −3.7 | 59 | 35 |
| Far East | 1979 | 12 | 4,375 | | 27 | 44 |
| | 1980 | 12 | 4,922 | +12.5 | 27 | 41 |
| Oceania | 1979 | 3 | 1,138 | | 40 | 51 |
| | 1980 | 3 | 1,219 | +7.2 | 39 | 48 |

Source: U.S. Department of Transportation, Transportation Systems Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

3-28

## WORLD'S 50 BUSIEST AIRPORTS

| AIRPORT | TOTAL PASSENGERS |
|---|---|
| 1. Chicago (O'Hare) | 43,653,167 |
| 2. Atlanta | 40,180,311 |
| 3. Los Angeles (LAX) | 33,038,159 |
| 4. London (Heathrow) | 27,472,200 |
| 5. New York (JFK) | 26,796,066 |
| 6. San Francisco | 22,248,127 |
| 7. Dallas/Ft. Worth | 21,951,355 |
| 8. Denver | 20,848,864 |
| 9. Miami | 20,505,012 |
| 10. New York (LGA) | 17,459,336 |
| 11. Frankfurt | 16,873,498 |
| 12. Osaka | 16,433,450 |
| 13. Boston | 14,722,363 |
| 14. Washington (DCA) | 14,538,446 |
| 15. Honolulu | 14,036,350 |
| 16. Toronto | 13,707,238 |
| 17. Pittsburgh | 11,452,712 |
| 18. Rome (Fiumicino) | 11,434,128 |
| 19. Houston (IAH) | 10,694,968 |
| 20. Cairo | 10,494,088 |
| 21. Madrid | 10,200,000 |
| 22. Amsterdam | 9,401,025 |
| 23. Las Vegas | 9,929,316 |
| 24. Detroit | 9,759,404 |
| 25. London (Gatwick) | 9,707,400 |
| 26. Philadelphia | 9,597,201 |
| 27. Newark | 9,223,260 |
| 28. Seattle | 9,914,496 |
| 29. Minneapolis/St. Paul | 9,024,472 |
| 30. Copenhagen | 8,602,566 |
| 31. Stockholm | 8,532,200 |
| 32. St. Louis | 8,299,288 |
| 33. Tampa | 7,689,399 |
| 34. Taipei | 7,349,596 |
| 35. Zurich | 7,255,495 |
| 36. Vancouver | 7,207,838 |
| 37. Dusseldorf | 7,048,956 |
| 38. Hong Kong | 6,813,279 |
| 39. Phoenix | 6,585,854 |
| 40. New Orleans | 6,329,612 |
| 41. Cleveland | 6,122,587 |
| 42. Munich | 6,057,997 |
| 43. Ft. Lauderdale | 6,024,879 |
| 44. Maiquetia, Venezuela | 6,008,480 |
| 45. Sao Paulo | 5,847,180 |
| 46. San Juan | 5,419,573 |
| 47. Milan (Linate) | 5,397,613 |
| 48. Kansas City | 5,306,075 |
| 49. Brussels | 5,300,000 |
| 50. Memphis | 5,216,644 |

*Source: Airport Operators Council International*

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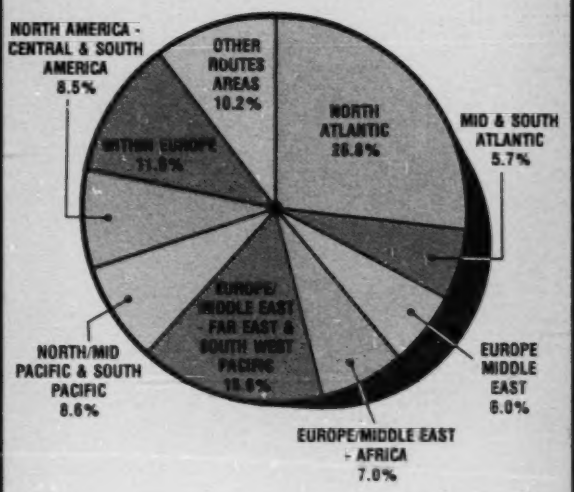
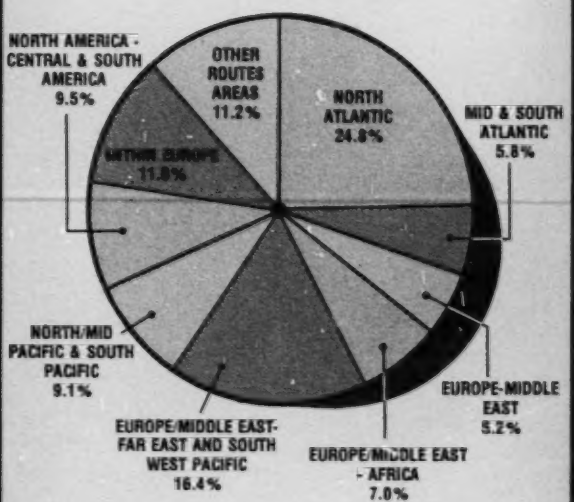
## REGIONAL TRAFFIC SHARES OF IATA SCHEDULED PASSENGER TRAFFIC

(Percentage of Total Traffic)

1980 — 371,000 million passenger-kms.


NORTH AMERICA - CENTRAL & SOUTH AMERICA 8.5%
OTHER ROUTES AREAS 10.2%
NORTH ATLANTIC 26.8%
MID & SOUTH ATLANTIC 5.7%
WITHIN EUROPE 11.0%
EUROPE/ MIDDLE EAST - FAR EAST & SOUTH WEST PACIFIC 15.6%
EUROPE MIDDLE EAST 6.0%
NORTH/MID PACIFIC & SOUTH PACIFIC 8.6%
EUROPE/MIDDLE EAST - AFRICA 7.0%

Average annual growth 6.0%
1986 — 527,000 million passenger-kms.


NORTH AMERICA - CENTRAL & SOUTH AMERICA 9.5%
OTHER ROUTES AREAS 11.2%
NORTH ATLANTIC 24.8%
MID & SOUTH ATLANTIC 5.8%
WITHIN EUROPE 11.8%
NORTH/MID PACIFIC & SOUTH PACIFIC 9.1%
EUROPE-MIDDLE EAST 5.2%
EUROPE/MIDDLE EAST- FAR EAST AND SOUTH WEST PACIFIC 16.4%
EUROPE/MIDDLE EAST - AFRICA 7.0%

*Source: IATA*

## CHARTER AIRLINES

National Air Carrier Association statistics for 1980 document yet another down year for the U.S. charter market. Total charter passengers carried by all airline categories on U.S. domestic* and international routes dropped by 27% from 4.6 million in 1979 to 3.3 million in 1980. (3-30) This figure represents a little over one-third of the record 9 million charter passengers which comprised the U.S. domestic and international market in 1977. After that peak year, charter traffic fell by 8% in 1978 and 22% in 1979.

As in the past, the 1980 decline cut across all categories of airlines, the biggest decrease experienced by U.S. charter carriers which lost 44% of prior year passengers, followed by U.S. route carriers with a 42% drop in charter traffic. Although foreign airlines — both supplemental and scheduled carriers — recorded much more moderate declines of 3% in U.S. markets during 1980, this was primarily due to tremendous growth on U.S.-Canada routes. Without the Canadian charter traffic, foreign route carriers would have registered a 36% drop, and foreign charter airlines would have noted a 38% fall-off in passengers.

A breakdown of 1980 U.S. charter traffic by geographic area shows growth only in U.S.-Canada and transpacific markets. (3-31) A 7% increase in transpacific charter passengers had little effect on overall results, since the market accounted for less than 4% of total charter activity in 1980. A 23% rise in traffic between the U.S. and Canada, however, was most significant, boosting that market's share of all charter passengers from 22.5% in 1979 to 38% in 1980 and enabling it to overtake the historically top-ranking transatlantic as the major U.S. charter market.

### U.S. International Charter Traffic

Since 1977's banner year, charter carriers flying U.S.-international routes have had to wage war on several fronts. First came the battle against government deregulation of the airline industry and the attendant competitive fares offered by both regularly scheduled carriers and supplemental airlines with scheduled operations. This was followed closely by enormous hikes in the cost of jet fuel which made it virtually impossible for charters to undercut competitors' tariffs without operating at a considerable financial disadvantage. On top of it all, recession and inflation in the U.S. and abroad caused the entire market for outbound air travel to flatten and then decline. More dependent on vacation travelers than are its scheduled counterparts, the charter airlines sustained the most significant losses in traffic.

Figures compiled by the U.S. Department of Transportation tell the story of 1980's downward spiral. Regarding U.S. citizen departures on international charter flights, statistics reveal that only 533,270 Americans booked passage on non-scheduled carriers to destinations outside the U.S. (excluding Canada) during all of 1980. (3-34) This represents a decline of 42% from 1979 and a drop of 37% from 1975's low of 847,592.

Likewise, U.S. citizen charter departures to Europe stood at a meager 184,232 in 1980 or 58% less than the comparable total recorded in 1979. In fact, the European share of the overall U.S. citizen international charter market dropped to a low of 35% in 1980, having stood at 47% in 1979 and at over 70% in 1977. Clearly, it was on transatlantic routes that U.S travelers chose either to fly on scheduled airlines or not to fly at all. While 28% of all U.S. citizen traffic to Europe was generated by charters in 1977, the percentage dropped to only 5% in 1980.

U.S. Immigration Service data, which records both citizen and alien charter departures to all foreign countries except Canada, sheds further light on how specific destinations fared during 1980 and the first half of 1981. (3-32,3-33)** Israel, for example, bounced back as a charter destination in 1980 with an increased passenger count of more than 250% over 1979. For the first half of 1981, however, charter departures to Israel were down 24%, though the figures do not include peak season travel.

While some improvement in charter activity to the Netherlands, England, and Japan was demonstrated during 1980, it was not sustained through the first six months of 1981. Moreover, all world regions — with the exception of Central America and the Far East, representing a very small portion of the charter market — registered dramatic declines for the first half of 1981. (3-33) Charter traffic to Europe was off 38% from the comparable period in 1980. Caribbean charter traffic was down 10% despite a 60% increase in departures to the Netherlands Antilles. Mexico lost 42% of its prior year charter passengers originating in the U.S. An overall drop of 25% in charter traffic to international destinations marked the first half of 1981, and not much improvement is anticipated when full-year figures are released.

### U.S. Domestic Charter Traffic

Now that the National Air Carrier Association no longer tracks charter passengers traveling within the continental U.S., the most reliable data available on domestic charter activity comes from individual carrier reports to the Civil Aeronautics Board. According to figures released by U.S. trunk, local service, and supplemental airlines, total domestic revenue passenger miles exceeded the 3 billion mark in 1980 but were still 26% below the 4.3 billion total for 1979. Domestic trunk carriers held onto the greatest share of charter rpms in 1980 (66%), although overall traffic was down 24%. Only United Airlines and Continental recorded increases for the year. (3-35) Among the locals — which documented a 30% drop in 1980 charter rpms — Ozark Airlines alone upped its charter traffic by a small 3%. (3-37)

*The NACA no longer reports domestic charter passengers flying on routes within the continental U.S. "Domestic" now refers only to U.S. mainland-Alaska/Hawaii traffic in all NACA data.

**Note that INS charter statistics for 1980 are not strictly comparable to those compiled by NACA, as they are broken out by different world regions and do not include Canada traffic.

U.S. supplemental carriers' domestic charter traffic, representing an 18% share of the market, fell by 31% in 1980. Capitol, Transamerica, and Evergreen saw losses of 8%, 38%, and 31% respectively. World Airways, which put most of its energy into scheduled operations, reported a 94% decrease in rpms for the year. In fact, while the entire group of supplementals documented close to 600 million domestic charter rpms in 1980, this fell far short of the 1.5 billion rpms they logged for scheduled domestic service over the same period. (3-36)

A year ago, it looked as if the charter airline industry had hit rock bottom, and 1980 data bears that out. Further declines expected for calendar year 1981 and an uncertain economic climate impacting on the vacation travel market do little to brighten the picture. However, despite the gloomy situation, tour operators involved in the charter market are looking forward to a strong comeback in 1982.

Charter wholesalers foresee a scenario in which major scheduled airlines are forced to raise fares in many vacation travel markets. The price wars which have abnormally lowered tariffs in the past two years, they say, are not likely to continue if the skeds intend to become profitable again. This should leave room for charter carriers to regain market shares on popular routes to Mexico, Hawaii, and the Caribbean. Las Vegas is also expected to maintain strength. Moreover, with the dollar's resurgence in Europe and an anticipated increase in outbound vacation travel, non-scheduled transatlantic service could rally once more in 1982.

3-30

## U.S. CHARTER PASSENGERS BY CATEGORY OF AIRLINE 1979 VS. 1980

| | Calendar 1979 | | Calendar 1980 | | |
|---|---|---|---|---|---|
| | No. of Pagrs. | % of Total | No. of Pagrs. | % of Total | % Change |
| U.S. Charter Airlines* | 1,414,400 | 30.9% | 790,335 | 23.7% | −44.1% |
| U.S. Route Carriers* | 1,363,347 | 29.8 | 793,554 | 23.8 | −41.8 |
| Foreign Route Carriers | 803,183 | 17.5 | 777,463 | 23.4 | −3.2 |
| Foreign Charter Carriers | 1,000,025 | 21.8 | 967,802 | 29.1 | −3.2 |
| **Total*** | **4,580,955** | **100.0%** | **3,329,154** | **100.0%** | **−27.3** |

*Total domestic charter passengers are no longer reported. Data for 1979 and 1980 now includes only U.S. mainland-Alaska/Hawaii traffic.*
*Source: National Air Carrier Association*

3-31

## U.S. CHARTER PASSENGERS BY GEOGRAPHIC MARKET 1979 VS. 1980

| | Calendar 1979 | | Calendar 1980 | | |
|---|---|---|---|---|---|
| | No. of Pagrs. | % of Total | No. of Pagrs. | % of Total | % Change |
| Transatlantic | 1,908,209 | 41.7% | 1,143,951 | 34.4% | −40.0% |
| Domestic* | 240,239 | 5.2 | 109,178 | 3.3 | −54.6 |
| Caribbean** | 888,114 | 19.4 | 506,090 | 15.2 | −43.0 |
| Latin America | 399,268 | 8.7 | 181,686 | 5.4 | −54.5 |
| Transpacific | 115,731 | 2.5 | 123,419 | 3.7 | +6.6 |
| Canada | 1,029,344 | 22.5 | 1,264,850 | 38.0 | +22.9 |
| **Total** | **4,580,955** | **100.0%** | **3,329,154** | **100.0%** | **−27.3** |

*Total domestic charter passengers are no longer reported. Data for 1979 and 1980 now includes only U.S. mainland-Alaska/Hawaii traffic.*
***Includes Puerto Rico and U.S. Virgin Islands.*
*Source: National Air Carrier Association*

## FIRST DESTINATION OF CHARTER FLIGHTS FROM U.S. 1979 VS. 1980*

| Destination | 1979 Departures | 1980 Departures | % Change |
|---|---|---|---|
| **Europe** | [illegible] | 606,763 | −30.2 |
| France | [illegible] | 52,834 | −45.4 |
| Germany-West | [illegible] | 202,269 | −27.5 |
| Ireland | [illegible] | 22,944 | −60.4 |
| Italy | [illegible] | 17,247 | −55.4 |
| Netherlands | [illegible] | 18,793 | 41.0 |
| Spain | [illegible] | 26,161 | −46.0 |
| UK-England | [illegible] | 149,848 | 14.9 |
| **Caribbean** | [illegible] | 274,934 | −29.5 |
| Bahamas | [illegible] | 140,356 | −11.7 |
| Jamaica | [illegible] | 20,128 | −55.7 |
| Netherlands Antilles | [illegible] | 34,226 | −27.6 |
| **South America** | [illegible] | 11,922 | −50.0 |
| **Central America** | [illegible] | 2,508 | −77.3 |
| **Middle East** | [illegible] | [illegible] | 275.2 |
| Israel | [illegible] | 30,323 | 258.1 |
| **Far East** | [illegible] | 35,045 | −15.1 |
| Japan | [illegible] | 24,963 | 15.9 |
| **Oceania** | [illegible] | 1,729 | −59.3 |
| **Africa** | [illegible] | 1,630 | −62.6 |
| **Total Overseas** | [illegible] | [illegible] | −28.5 |
| **Mexico** | [illegible] | 67,689 | −39.4 |
| **All Destinations**** | [illegible] | 1,936,036 | −29.3 |

*Citizen and alien departures on U.S. and foreign-flag carriers. See page 37 for countries included in world regions listed.
**Excludes Canada.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service



## FIRST DESTINATION OF CHARTER FLIGHTS FROM U.S. FIRST HALF 1980 VS. 1981*

| Destination | 1980 Departures | 1981 Departures | % Change |
|---|---|---|---|
| **Europe** | [illegible] | 127,876 | −37.8 |
| France | [illegible] | 6,718 | −65.9 |
| Germany-West | [illegible] | 38,221 | −47.0 |
| Ireland | [illegible] | 6,154 | −8.7 |
| Italy | [illegible] | 3,859 | −51.4 |
| Netherlands | [illegible] | 5,903 | −1.5 |
| Spain | [illegible] | 8,767 | −8.0 |
| UK-England | [illegible] | 23,577 | −53.7 |
| **Caribbean** | [illegible] | 162,128 | −10.4 |
| Bahamas | [illegible] | 84,460 | 0.1 |
| Jamaica | [illegible] | 8,006 | −55.1 |
| Netherlands Antilles | [illegible] | 39,598 | 59.5 |
| **South America** | [illegible] | 6,844 | −22.4 |
| **Central America** | [illegible] | 885 | 31.7 |
| **Middle East** | [illegible] | 9,165 | −16.4 |
| Israel | [illegible] | 6,985 | −23.8 |
| **Far East** | [illegible] | 21,675 | 40.1 |
| Japan | [illegible] | 8,219 | −42.7 |
| **Oceania** | [illegible] | 483 | −70.3 |
| **Africa** | [illegible] | 89 | −94.2 |
| **Total Overseas** | [illegible] | 329,125 | −22.7 |
| **Mexico** | [illegible] | 28,989 | −41.7 |
| **All Destinations**** | [illegible] | 358,114 | −24.7 |

*Citizen and alien departures on U.S. and foreign-flag carriers. See page 37 for countries included in world regions listed.
**Excludes Canada.
Source: Nettleton Travel Research Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

3-34

## U.S. CITIZEN DEPARTURES ON CHARTER FLIGHTS 1972-1980

| | Europe | All countries* |
|---|---|---|
| 1972 | 631,337 | 874,268 |
| 1973 | 703,071 | 986,304 |
| 1974 | 555,966 | 851,318 |
| 1975 | 565,345 | 847,592 |
| 1976 | 819,791 | 1,244,380 |
| 1977 | 1,067,873 | 1,488,864 |
| 1978 | 730,643 | 1,217,092 |
| 1979 | 438,498 | 925,375 |
| 1980 | 184,232 | 533,270 |

*Excludes Canada.
Source: U.S. Department of Transportation, Transportation Systems Center based on data from U.S. Department of Justice, Immigration and Naturalization Service

3-35

## U.S. TRUNK CARRIERS DOMESTIC CHARTER TRAFFIC 1980

(Revenue passenger miles)

| Carriers* | 1979 (000) | 1980 (000) |
|---|---|---|
| United | 1,404,431 | 1,575,923 |
| American | 414,258 | 244,988 |
| Pan American | 167,437 | 91,911 |
| Braniff | 73,361 | 38,359 |
| Northwest | 113,778 | 53,804 |
| Western | 220,339 | 40,765 |
| Delta | 274,923 | 14,100 |
| Continental | 12,127 | 28,467 |
| TWA | 49,220 | 6,023 |
| Eastern | 18,758 | 2,985 |
| Total | 2,749,630 | 2,097,325 |

*Order of carriers based on the percentage market share of passengers carried.
Source: Civil Aeronautics Board; Aviation Daily

3-36

## U.S. SUPPLEMENTAL CARRIERS CHARTER TRAFFIC 1980

(Revenue passenger miles)

| Domestic* | 1979 (000) | 1980 (000) |
|---|---|---|
| Capitol | 375,672 | 344,700 |
| Evergreen | 132,360 | 90,761 |
| Great American | — | 17,217 |
| San Diego Padres | — | 3,152 |
| Transamerica | 206,929 | 126,707 |
| World | 141,204 | 7,924 |
| Total | 856,165 | 590,461 |
| **International*** | **1979 (000)** | **1980 (000)** |
| Capitol | 1,594,040 | 1,014,078 |
| Evergreen | 374,853 | 256,082 |
| Transamerica | 2,793,143 | 2,455,321 |
| World | 1,169,113 | 79,514 |
| Total | 5,931,149 | 3,804,995 |

*Note – Supplemental airlines' rpms for scheduled domestic service in 1980 were 1.5 billion. Rpms for scheduled international service were 1.9 billion.
Source: Civil Aeronautics Board; Aviation Daily

3-37

## U.S. LOCAL SERVICE CARRIERS DOMESTIC CHARTER TRAFFIC 1980

(Revenue passenger miles)

| Carriers* | 1979 (000) | 1980 (000) |
|---|---|---|
| Ozark | 184,227 | 168,910 |
| Texas Intl. | 96,028 | 88,804 |
| USAir | 111,849 | 103,814 |
| PSA | n.a. | 56,359 |
| Republic | 151,099 | 33,868 |
| Piedmont | 37,379 | 37,377 |
| Hughes Airwest | 159,623 | 16,458 |
| Southwest | n.a. | 1,390 |
| Frontier | 258 | 127 |
| Total | 720,463 | 507,117 |

*Order of carriers based on the percentage market share of passengers carried.
Source: Civil Aeronautics Board; Aviation Daily

## RAILROADS

On the eve of its tenth anniversary of operations, Amtrak, the government-authorized National Railroad Corporation, fought a new battle for survival as a national system. Each year as the organization's budget has been debated, it has encountered Congressional concern and some hostility over the mounting subsidies required for its operation. Formed in 1971 to rescue the passenger operations of a bankrupt and decaying private railroad system, Amtrak slowly rebuilt track and equipment and attempted to build a clientele for rail travel. However, the cost has been enormous and federal payments to Amtrak in the last few years rose from $600.7 million in 1977 to $881 million in 1981.

In 1981, Administration officials clearly expressed their belief that the system was an economically inefficient mode of transportation. Initially they proposed a massive reduction in the federal rail subsidy for fiscal 1982. Faced with the prospect of limited or no service outside the Northeast, Congress compromised and specified a $735 million subsidy to which the White House Budget Office agreed. Although still about $100 million short of its original request, Amtrak expects to maintain about 85% of its current 24,000 mile route network in 1982.

### Rail Passenger Trends

The recovery in rail passenger traffic that began slowly in the mid-1970s and gained momentum in 1979 in the wake of the gasoline shortage, continued to show promise in the opening years of the 1980s. Approximately 300 million passengers, including commuters and intercity travelers, used rail transportation in 1980, compared with 295 million in 1979. (3-41) Although only 2% more than in 1979, the figures are not exactly comparable because of the 5,000 mile Amtrak route reduction ordered by Congress in October 1979 and the consequent loss of passengers on these discontinued routes.

Total rail passenger revenues continued to climb, reaching $807 million in 1980, up 14.8% from 1979. (3-40) Approximately 63% of this gross was derived from intercity passenger traffic. Since 1975 railroad passenger revenues have risen by 50%.

Revenue passenger miles for Class I railroads (largely in commuter service) and Amtrak clearly show the effects of the Amtrak restructuring in 1980. Overall revenue passenger miles declined by 1.8% from 1979 while Amtrak passenger miles were down by 7.5%. (3-42) Broken down by types of service, intercity passenger miles declined by 6.9% in 1980 while commutation traffic increased by 4.9%. Of the total 11 billion revenue passenger miles recorded in calendar 1980, Amtrak accounted for approximately 41%. (3-42) Half of the Amtrak passenger miles are in the Eastern District, 20% in the Southern District, and 30% in the Western District. Amtrak-operated trains handled 3,949 million passenger miles of inter-city travel in coaches, 420 million in parlor and sleeping cars, and 135 million as commutation and multiple-ride passenger miles in calendar 1980.

### Amtrak Operating Statistics

Preliminary figures for fiscal 1981 (October 1, 1980 to September 30, 1981) indicate that passenger traffic declined fractionally from the previous year, 21 million compared with 21.2 million. (3-38) At the same time passenger miles increased by 6% giving evidence of longer trips. Analysis of the passenger figures by routes shows increased travel on long-distance routes, stimulated by the introduction of superliners on western routes and the rebuilt "Heritage" fleet on eastern routes. In the Northeast Corridor, however, traffic was down as a result of stiff competition from the new discount airline services between Boston, New York, and Washington, and continued slower speeds because of the large rail construction program still underway there. Counter-attacking, Amtrak launched a new campaign to regain Boston to Washington traffic, promising higher-speed express Metroliner service and improved on-board services. The effort is crucial because Northeast corridor operations account for 54% of systemwide passengers.

Passenger revenues rose by 17% in fiscal 1981 to reach an estimated $432 million. Total revenues, including food and beverage, and mail and express revenues, amounted to $495 million, up 15.3%. (3-38)

By the end of 1981 Amtrak expected to have in service over 1,600 new or completely renovated all-electric cars. However even with an investment of more than $1 billion in fleet modernization, Amtrak still has only limited capacity to serve effectively several of its long-distance routes. It operated 2,000 cars over a 24,000 mile network, compared with France which has 17,000 cars serving 20,000 route miles; West Germany, 17,000 cars for 17,000 route miles and Japan, 26,000 cars for 13,000 route miles.

In addition to programs for equipment modernization and upgrading of track and stations, Amtrak has emphasized more effective utilization of equipment. It has substantially improved on-time performance and developed a computerized central reservation system, with tickets now available through a variety of outlets.

### Tour Packages

As a result of intensive advertising campaigns, rail sales in conjunction with tour packages rose by 32% in fiscal 1981. The largest gains were in short and weekend-type tours and fiscal 1982 will see a fourfold expansion in this area. In fiscal 1981 Amtrak packaged 144 tours and in 1982 they expect to offer a record 170 group and individual programs ranging in price from $7.50 to $1,120. Approximately 60% of tour sales were made by travel agents and the remaining 40% through stations and city ticket offices.

Although still small in relation to total revenues, tour sales are perceived as a promising growth area. Through heavy marketing efforts, use of the new computerized reservation system, and closer ties with travel agents, Amtrak officials expect to capture an increasing share of the leisure travel market.

### Looking Ahead

To close its budget gap, Amtrak implemented an

overall 10% service cutback, discontinuing some lines because of budgetary restrictions and failure to achieve congressionally mandated ridership and financial criteria. It also cut back frequency of Northeast Corridor service but offset this with new express schedules. Ticket prices will rise substantially so that by 1982 passenger fares should cover about 50% of operating costs in contrast to the 1981 figure of 40%. Some labor contracts will be renegotiated, food service will be simplified and prices will rise.

Additionally Amtrak is considering several new business initiatives which might feed profits into the rail system. These include real estate development of land along rights-of-way around railroad stations, vocational training schools, locomotive maintenance and coach renovation service for other railroads, and a new communications system along the Boston-Washington corridor. One of these projects already underway is the joint development with private interests of space and air rights around the 30th Street station in Philadelphia. New 100-500 mile corridors are under consideration and feasibility studies have been undertaken with Japanese interests to explore bullet train routes with private financing. Routes under study include Los Angeles—San Diego, Dallas—Houston, Miami—Orlando—Tampa, and a route originating in Chicago.

At least temporarily, the central issue of maintaining a national system of some 20,000 miles with government support or running a self-supporting 400-mile system like the Northeast Corridor has been resolved. Congress once again opted for a mix of short-distance trains in densely populated areas and long-distance trains which, though expensive to operate, have proven increasingly popular. The future of interstate rail transportation ultimately depends upon the degree to which Amtrak can achieve financial independence. If its various strategies succeed, it hopes to eliminate the need for federal support for rail passenger operations by 1985 and for federal capital appropriations by 1990.

3-39

## STATISTICS OF NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)*

| | 1979 | 1980 |
|---|---|---|
| Passenger revenue | $320,956,185 | $368,240,000[1] |
| Revenue passengers carried | 21,491,758 | 20,783,264 |
| Revenue passenger-miles (000) | 4,867,240 | 4,503,192 |
| Averages | | |
| Revenue per passenger | $14.93 | $17.72 |
| Revenue per passenger mile | 6.594¢ | 8.177¢ |
| Trip per passenger (miles) | 226.47 | 216.67 |

*Calendar year figures.
[1]Preliminary
Source: Association of American Railroads

3-38

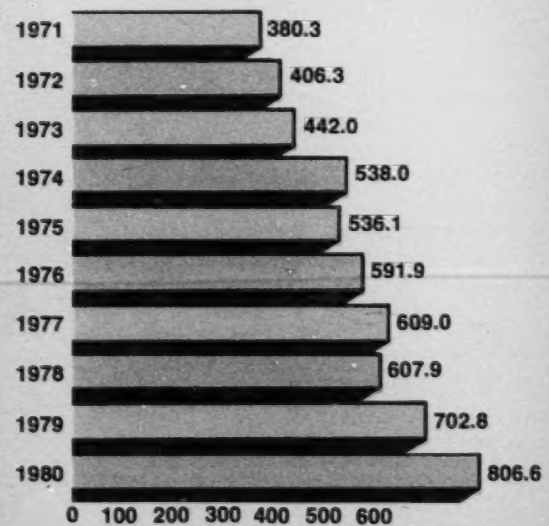
## AMTRAK — FISCAL YEAR STATISTICS*

| | 1980 | 1981** | % Change 1980/81 |
|---|---|---|---|
| Passengers (mil.) | 21.2 | 21.0 | - 8% |
| Passenger Miles (mil.) | 4,582 | 4,855 | + 6% |
| Passenger Revenues (mil.) | $368 | $432 | + 17.4% |
| Total Revenues (mil.) | $429 | $495 | + 15.3% |

*Fiscal year begins October 1 and ends September 30.
**Preliminary.
Source: National Railroad Passenger Corporation (Amtrak)

3-40

## RAILROAD PASSENGER REVENUES* 1971-1980
($ Millions)




*Includes Class I railroads and Amtrak for all years, and Auto-Train until 1977; Rock Island Railroad excluded in 1979 and 1980. Base for Class 1 railroads was increased to $50,000,000 annual operating revenues, effective January 1, 1978.
Source: Association of American Railroads

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## RAILROAD REVENUE PASSENGERS CARRIED

(000)

| Calendar Year | United States | Amtrak | Eastern District | Southern District[2] | Western District |
|---|---|---|---|---|---|
| 1971 | 272,401 | 9,915[1] | 189,313 | 19,277 | 53,896 |
| 1972 | 261,084 | 16,644 | 173,566 | 17,716 | 53,158 |
| 1973 | 254,472 | 16,984 | 166,537 | 16,334 | 54,617 |
| 1974 | 274,298 | 18,257 | 182,685 | 16,237 | 57,118 |
| 1975 | 269,394 | 17,350 | 180,945 | 15,068 | 56,031 |
| 1976 | 271,652 | 18,619 | 181,394 | 14,902 | 56,738 |
| 1977 | 275,324 | 19,000 | 183,718 | 14,490 | 58,116 |
| 1978 | 280,961 | 19,173 | 185,357[3] | 15,202 | 61,230 |
| 1979[4] | 294,958[3] | 21,492 | 195,450 | 16,479 | 61,538[3] |
| 1980[4] | 300,184 | 20,784 | 200,564 | 18,240 | 62,597 |

*Note: Includes commuter and intercity passenger traffic.*
[1]*Operations began on May 1, 1971.*
[2]*Includes statistics of Auto-Train Corporation for years 1972-1977.*
[3]*Revised figures.*
[4]*Excludes Rock Island Railroad.*
*Source: Association of American Railroads*

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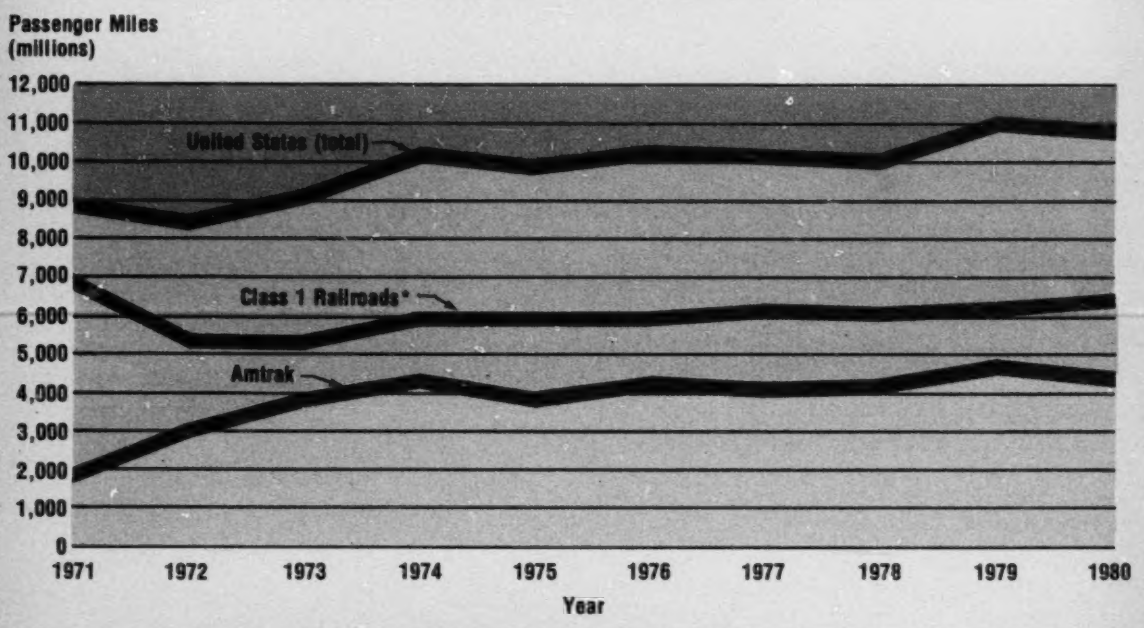
## RAILROAD REVENUE PASSENGER MILES




*Note: Data for Class I railroads exclude Rock Island Railroad for 1979 and 1980.*
*Largely in commuter service; includes eastern, southern, and western districts.*
*Source: Based on data from Association of American Railroads*

## BUSES

For the last few years, bus passenger volume has been slowly rising, reversing a long-term downward trend. 1980 figures show a 4% rise in bus passenger volume, following the 6% increase in 1979 when scarcity of gasoline sharply curtailed automobile travel. (3-43) Preliminary estimates for 1981 indicate a sluggish year with total passengers rising by about 1.6%, all from the charter and tour sector.

While the end of the era of cheap and abundant gas did not precipitate a mass switch from automobiles to buses, it did stimulate a fresh look by many motorists at the possibilities of bus travel, particularly in the fast-growing charter and tour sector. Continued inflationary pressures, air fare increases, and increasing demand for motorcoach transportation by foreign travelers also heightened consumer perception of the bus alternative, creating a favorable climate for new market development in the special services area. New Amtrak service cuts also provided opportunities for attracting some displaced rail riders.

Even though many positive factors sustained the bus market while the economy generally was in decline, certain downward currents were also evident, particularly affecting regular route-scheduled service operations. Because it generally serves a low-income market on these routes, the industry is especially vulnerable to declines in employment and disposable income and to consumer anxiety about the economy. In the past year, fear of social security cuts was believed to have curtailed travel among the elderly, an important bus market. Even the strong charter area still depends heavily on such traditional markets, with an estimated 30% of its business derived from the over-55 group. Another contributing factor was the gasoline price decline in the third quarter which probably encouraged additional motor travel.

New competition for the mass transportation dollar also developed in a few key areas in the Northeast. Several bargain-priced, short-haul airlines recently began operations and competed directly for customers who normally travel by rail or bus.

Generally, however, the mood was positive, based chiefly on performance in the special services area but also on the ability to withstand an otherwise general downturn in the transportation industry. New companies appeared in the marketplace as the Interstate Commerce Commission liberalized its procedures on route entry and rather routinely approved new applications for charter and tour operations. On a broad front, the industry cooperated actively with other segments of the travel industry. It was also a year of aggressive marketing campaigns, emphasizing new and improved services including intermodal travel opportunities, and promoting to younger and more affluent travelers and family markets.

### Industry Highlights

The intercity bus industry provides regular-route intercity service and charter and tour special services. In 1980, 1,330 companies, ranging in size from small family operations to large carriers operating regional and national networks, operated 22,000 buses and covered 280,000 miles of highway. (3-44) They provided passenger service for 14,600 communities, most of which have no other easy access to public transportation. Total passenger volume of 373 million exceeded the combined airline and Amtrak total.

Although passenger volume was up by 4% in 1980, this was a slower rate of increase than in 1979. In 1981, the pace slowed still further to an estimated 1.6% gain. Charter and tour passengers were projected to rise by about 3.6% but, on the other hand, passengers in scheduled services to decline by about 2%.

Passenger miles inched up slightly in 1980, showing a 1.8% gain, with the charter and special group advancing more than regular route service. Of the 27.7 billion revenue passenger miles, almost 52% were in regular-route service and 48% in charter and special operations, much the same ratio as in the previous year. (3-45) In the first six months of 1981, regular-route passenger miles were down; charter traffic, static until June, rebounded between June and August. By the year-end, passenger miles were expected to fall by 1.1% to 27.4 billion. A projected 4.2% decline in scheduled service passenger miles was offset by a slight rise in charter passenger miles.

Gross operating revenues reached $1.9 billion in 1980, up a substantial 17.6% from the previous year, and the industry achieved its best operating ratio since 1975. Passenger revenues accounted for 84% of total revenues, of which intercity regular-route operations provided 53% and charter and tours, 31%. (3-46) Despite the mixed record on passenger volume in 1981, revenues were expected to increase by almost 6%, chiefly because of three rate increases during the year totaling 20.3%. The operating ratio will probably be less favorable, however, because expenses increased at a greater rate than revenues.

### Intercity Traffic

While overall industry figures show a large and varied mix of companies, 46 Class I carriers (revenues of $3 million or more and reporting to the Interstate Commerce Commission) dominate the industry. They account for 71.6% of total industry operating revenues and 62% of all passenger miles. On passenger count, however, these 46 companies carried only 36% of all passengers in the industry. (3-48)

Smaller carriers, other than Class I, also provide some intercity regular-route service but of a limited nature and usually over shorter distances. In addition to these companies (formerly called Class II and Class III), there are others that provide only intrastate service. Together it is estimated that they account for only about 10% of total passenger miles on all regular-route service. But while of limited significance in the regularly-scheduled area, these companies are the leading providers of charter and tour services and carried 67% of the estimated travel total for charter and special services. Data is scarce on these carriers because they are not required to file comprehensive financial data.

Most of Class I company operations are in long-haul, regularly-scheduled intercity service where they account for 90% of all passenger miles. Such service generated 67.7% of their total revenues; the

charter and tour sector only 14.6%, the same proportion as from package express handling. (3-47) Special service operations like charters have traditionally been only a minor element in the revenues of Class I carriers. Since 1978, the percent of total operating revenues derived from this source has declined from 15.3% to 14.6%. By contrast, regularly scheduled operations on which the major carriers have focused more heavily in recent years increased from 64.8% to the total of 67.7%.

Greyhound Lines and Trailways, both of which include wholly-owned subsidiaries and independent affiliates, are the industry leaders. Together they controlled 6,400 buses and transported approximately 85 million passengers in 1980, 23% of the industry total and 63% of the Class I total. Greyhound, with revenues more than double those of Trailways, is clearly out front. Both networks advertised heavily and featured special promotional fares. Concerned by the air fare battle that erupted in the Northeast Corridor in the early months of 1981 and threatened to lure away bus riders, each of the lines introduced sharply competitive fares. Working with travel agents, airlines, and foreign tour operators, they also negotiated several innovative intermodal agreements in 1981, including a Greyhound/American Airlines bus-air travel pass available for foreign visitors and a Trailways/Delta interline agreement for travel within the South. Greyhound also offered direct ground transportation to a number of cruise lines. Along with several other bus companies they also tied in with Amtrak to offer through-ticketing and connecting services.

## Charters and Tours

Smaller companies generally dominate this rapidly growing segment of the industry. Over 600 tour brokers and motorcoach operators offered 5,000 different programs in mid-1981, according to recent estimates. Itineraries included one-day and weekend trips, mini-tours and extended vacation trips but one-day excursions led the offerings. The 13.3 revenue passenger miles in this service in 1980 constituted 48% of the total in 1980. Industry analysts estimate that in 1981 52% of all bus passengers traveled on charter trips or tours.

Over the decade, this service has been on an almost steady upward climb in contrast to the generally declining trend in regular route passenger miles. (3-45) Although Class I carriers have not put heavy effort into this area, they have nevertheless enjoyed consistently higher receipts from this source. In 1970, charter and special revenues for this group amounted to $80 million compared with $204 million in 1980, growing from 9.3% of total operating revenues in 1970 to 14.6% in 1980.

According to a 1980 survey by a major tour operator, nearly half of motorcoach travelers are between the ages of 38 and 64, 89% are between 35 and 74 years of age, and 68% of them are married. Forty-one percent of these travelers take at least one trip a year while 43% take two or three trips. While this is definitely a mature market, another rapidly growing area at the other end of the age spectrum is the school market. Many tour operators expect to attract a younger, high-income clientele as well as family and professional groups through increased offerings of intermodal tours, special interest programs, and expanded itineraries which combine sightseeing with amusement/theme parks, boat trips, etc. For many travelers a key advantage of motorcoach tours is their ability to reach places that are inaccessible by air and rail.

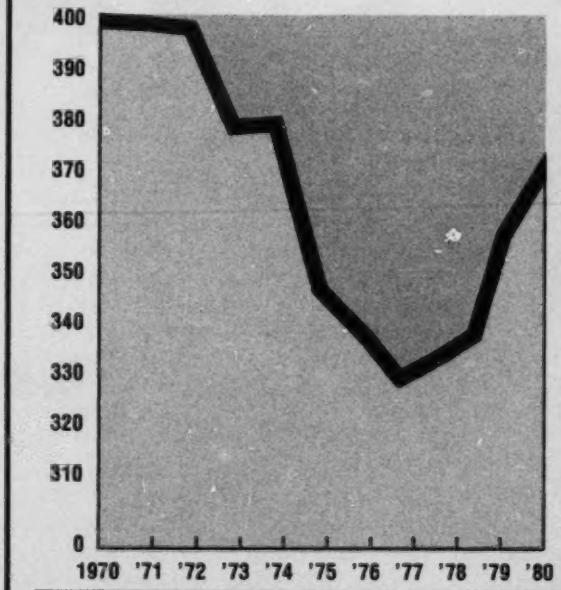
## Looking Ahead

In response to the ICC bus deregulation plan which was forwarded to Congress in 1981, the American Bus Association proposed a compromise draft bill which stops short of deregulation but advocates "regulated competition." Generally the smaller carriers fear that open entry would unleash a tidal wave of new competition on their best routes and that without equally liberal exit, they would remain tied to unprofitable routes. After the experience of air deregulation, Congress appeared more sensitive to the complexity of the issues, particularly the problem of service to small communities where the bus industry has played a unique role. The bill passed by the House was a compromise which liberalized entry and exit procedures and provided greater fare freedom without ICC approval. Charter rates were totally deregulated and tour broker licensing was eased. Final action is expected in the spring of 1982.

For the industry as a whole, the traditional mix of operations is changing, as well as the composition of the market. Even though significant expansion of regular-route travel seems unlikely, barring another acute oil shortage, the opportunities for charter and motorcoach tour development seem open-ended.

3-43

**BUS PASSENGER VOLUME: ALL CARRIERS**




*Source: American Bus Association*

3-44

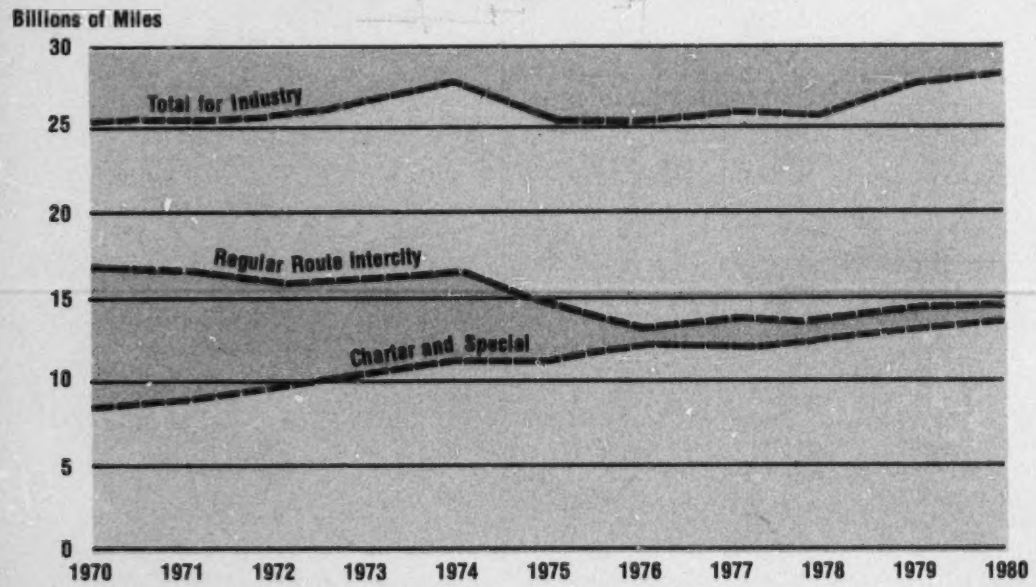
## INTERCITY BUS INDUSTRY IN THE UNITED STATES*

| | 1970 | 1977[1] | 1978 | 1979 | 1980[2] |
|---|---|---|---|---|---|
| Number of Operating Companies | 1,000 | 1,050 | 1,100 | 1,200 | 1,330 |
| Number of Buses | 22,000 | 20,300 | 20,250 | 20,680 | 21,900 |
| Miles of Highway Served[3] | 267,000 | 276,000 | 278,000 | 280,000 | 280,000 |
| Number of Employees[4] | 49,500 | 46,200 | 46,200 | 47,000 | 49,600 |
| Total Bus Miles (millions) | 1,209 | 1,118 | 1,099 | 1,135 | 1,182 |
| Revenue Passengers (millions) | 401 | 328 | 338 | 359 | 373 |
| Revenue Passenger Miles (millions) | 25,300 | 25,700 | 25,400 | 27,200 | 27,700 |
| Operating Revenues, all services ($ millions) | 901.4 | 1,330.9 | 1,420.3 | 1,654.8 | 1,946.5 |
| Operating Expenses ($ millions) | 812.2 | 1,276.2 | 1,366.3 | 1,564.6 | 1,813.0 |
| Operating Ratio[5] | 90.1 | 95.9 | 96.2 | 94.6 | 93.1 |

*Class I, II, and III carriers reporting to the Interstate Commerce Commission, and intrastate carriers; includes regular-route intercity, local and suburban, and special service operations.
[1]Revised figures for 1977, 1978, and 1979.
[2]Preliminary.
[3]Includes duplication between carriers.
[4]Operating companies only.
[5]Operating expenses divided by operating revenues.
Source: American Bus Association, based on carrier reports to the Interstate Commerce Commission and ABA estimates

3-45

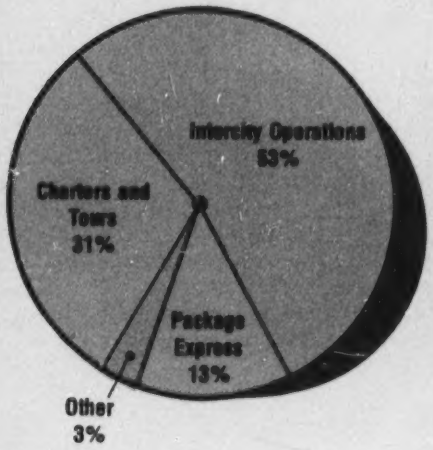
## PASSENGER MILES OF INTERCITY BUS TRAVEL




Source: American Bus Association

3-46

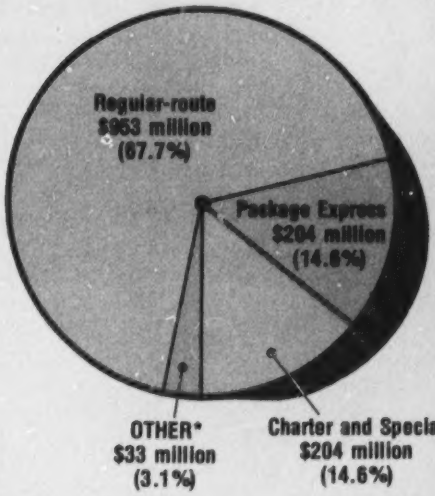
## SOURCES OF BUS INDUSTRY REVENUES




*Note: Based on 1980 data.*
*Source: American Bus Association*

3-47

## SOURCES OF REVENUES OF CLASS I BUS CARRIERS 1980




**Mail, station, and other operating revenue.*
*Source: American Bus Association*

3-48

## INTERCITY BUSES: CLASS I INTERSTATE CARRIERS*

| | 1977 | 1978 | 1979 | 1980[1] |
|---|---|---|---|---|
| **Number of Companies** | 46 | 46 | 46 | 46 |
| **Number of Buses Owned** | 8,360 | 8,143 | 8,330 | 8,400 |
| **Miles of Highway Served**[2] | 191,000 | 193,000 | 195,000 | 194,000 |
| **Total Bus Miles** (millions) | 766.2 | 739.3 | 762.9 | 778.5 |
| **Revenue Passengers** (millions) | 125.1 | 124.8 | 133.0 | 134.2 |
| **Revenue Passenger Miles**[3] (millions) | 16,930 | 16,200 | 17,300 | 17,300 |
| **Operating Revenues,** total all services ($ millions) | 982.7 | 1,036.7 | 1,205.2 | 1,393.9 |
| Passenger Revenue | | | | |
| Intercity regular route | 649.9 | 670.7 | 795.4 | 943.4 |
| Local regular route | 11.1 | 7.9 | 8.8 | 10.0 |
| Charter and Special service | 143.8 | 160.1 | 181.8 | 204.0 |
| Package express revenue | 154.1 | 173.0 | 190.2 | 203.8 |
| Mail, station and other revenues | 23.8 | 24.9 | 29.0 | 32.7 |
| **Operating Expenses** ($ millions) | 937.7 | 998.3 | 1,147.0 | 1,312.8 |
| **Operating Ratio**[4] | 95.4 | 96.3 | 95.2 | 94.2 |

**Representing only interstate carriers classified as Class I under test effective January 1, 1977 (gross operating revenues of $3 million or more); figures from ABA tabulation.*
*[1] Preliminary*
*[2] Includes duplication between carriers.*
*[3] Includes regular-route intercity service and, as estimated, charter and special service.*
*[4] Operating expenses divided by operating revenues.*
*Source: American Bus Association*

## CRUISE SHIPS

Following a period of extremely rapid growth, the cruise industry adjusted to new booking and spending patterns in 1981. The combined effects of a slowdown in discretionary spending and increased cruise capacity, first felt in 1980, produced a sharply competitive situation in 1981. After several years of heavy advance booking, sometimes as early as four-to-six months, 1981 was the year of the consumer. Prospective cruise travelers found ample space available even in peak periods, as well as a good selection of accommodations, itineraries, and a variety of price-incentive packages. For most lines, although not all, occupancy was down substantially from the average 90% situation in the recent past. For the first time in many years, available space exceeded demand.

Gross industry revenues totaled $3.0 billion in 1980, more than originally projected and marking the second year in a row of 40% or more gains. 1981 revenues grew at a much slower rate and were expected to reach $3.5 billion, approximately 17% over the previous year. (3-49) Cruise passenger fares rose by an average 18% across the board in 1981, chiefly reflecting fuel-related and air increases. At midyear, the daily average price of a cruise was approximately $150 per passenger; including an air/sea ticket it was closer to $175. However, the general slowdown in the cruise business generated a variety of discount fares and special incentives, a sharp break from the price stability that previously prevailed.

In the past year, 27 cruise lines with a fleet of 88 ships marketed actively in the United States. Through the Cruise Lines International Association (CLIA), they promoted the concept of vacation cruising and expanded efforts to involve additional travel agents in cruise sales. A majority of these ships sail from U.S. ports; the remainder are mostly in Canada and the Mediterranean and offer air/sea packages from foreign ports to their U.S. clientele. Cruise tonnage is concentrated mainly in the short-haul market but many ships sail worldwide.

### Passenger Trends

In the last ten years, cruise travel has approximately doubled, rising from 712,000 departures from U.S. ports reported by the Immigration and Naturalization Service in 1971 to approximately 1.4 million estimated by CLIA in 1981. In 1979 the industry first topped the one-million passenger mark. Annual passenger increases averaged over 20% both in 1979 and in 1980. (3-49)

In 1981, however, the projected increase slowed to 5%. This modest growth, though much more positive than the general travel industry experience, assumes more significance in the light of the increased capacity that became available in 1980 from new construction, conversions, and stretchings. In addition, an uncomfortably large portion of business came from eleventh-hour sales and price-cutting practices that departed far from published tariffs.

This combination of sluggish sales and late bookings provoked sharp competition as well as heated controversy over marketing strategies. Although there was general agreement that the long-run solution lay in expanding the overall pool of cruise travelers, in the short term many lines turned to new air promotions and other discounts aimed at diverting existing business from their competitors.

As in the past, California and Florida were the chief markets of origin for cruise passengers. Other top-producing areas identified by CLIA were New York, Illinois, Pennsylvania, New Jersey, Maryland, Ohio, Texas, and Michigan.

Seven-day cruises, still the most popular type, accounted for 70% of passengers. The short 3- and 4-day cruises represent a fast-growing segment of the market that attracts an increasing number of incentive and affinity groups and pre- and post-convention cruises. The specialized long-cruise market offering trips from three weeks to several months — remained firm, a reflection of the high-income market they reach. Demand for 14-day cruises varied considerably according to destination, with Caribbean sailings generally soft.

A 1979-80 study of past five-year cruisers by Travel Pulse Research Service reveals that cruise travelers are mainly married, reasonably well-educated, and affluent, with more than half having incomes of $25,000 or more. (3-50) In contrast to the traditional view of cruise passengers as middle-aged or older, the study indicates that although 52% of those who had taken a cruise in the past five years were over 45 years, there were two significant areas of concentration at both ends of the age scale. Almost exactly the same percentage of past 5-year cruisers were in the 18-34 year group as in the group aged 55 or more. Among first-time cruisers, the largest single group was between 18 and 34 years, indicating progress in industry efforts to attract a younger market.

### New Capacity

Between 1981 and 1982 approximately 5,000 additional beds will be available from new construction. (3-53) A mid-section stretching will also provide some additional capacity but these numbers are small compared with the new high-capacity ships. However, the stretchings provide a short-term solution to increased demand and add space where needed. Also underway was a major conversion which will significantly upgrade existing capacity.

Another three ships scheduled for 1983 and 1984 delivery will provide space for an additional 3,600 passengers. By 1984 the member lines of CLIA expect to have capability of carrying over 1.9 million passengers annually.

Among the new ships beginning service in 1982, one will also provide accommodations for cars. It has targeted a new market other than the traditional leisure cruise. It expects to draw new cruisers from vacation auto travelers to Florida, approximately half of whom originate in the Northeast. While relatively new in this country, the passenger and car-ferry combination embodies a concept already well-known and operational in Europe.

### Destinations

The Caribbean area with its varied product offerings remained the top destination for first-time and repeat cruise travelers. Because most of the new ship con-

struction has shown up in this market, it has also seen the heaviest competition. Cruise visitor arrivals in Caribbean countries increased over 6% both in 1979 and 1980, following a strong 11.7% surge in 1978. (3-54) Much of this traffic was generated by the increasingly popular multidestination cruises which average approximately three to five stops per cruise. Estimates indicate that approximately 80% of the passengers leave their ships for shore expeditions at these various ports.

Other perennial favorites were Bermuda and the Bahamas; in recent years Alaskan, Hawaiian, and transcanal cruises have also established themselves firmly. The Mexican market is a fast-growing segment and river cruises and Eastern Canada cruises generate much interest. Specialized long cruises — around the world, Mediterranean, to South America, transatlantic, etc. — showed continued strength, not surprisingly because they cater to an especially affluent and leisure-oriented clientele.

When past five-year cruise travelers were asked by Travel Pulse Research Service to indicate the destinations they favored for future cruise trips, they generally confirmed these choices. Experienced cruisers generally indicated more interest in points further away from the U.S. than did first-time cruisers. (3-51)

## U.S. Ports

The Port of Miami, the world's busiest passenger cruise facility, continues to handle the bulk of cruise traffic. In 1980, it recorded over 750,000 cruise passenger departures, up 10% from 1979. At some of the other ports, cruise traffic patterns varied in response to changing markets. Generally, west coast ports have quickened their tempo in recent years, stimulated by the increased interest in Alaskan, Mexican, and transcanal sailings. More recently, a new series of very short Mexican cruises increased the flow through Los Angeles and the port there handled almost twice as many cruise departures between January and June 1981 as in all of 1980.

On the east coast, New York departures continued to decline but a reversal is expected in 1982 when new cruise and car-ferry service will be launched from New York to Freeport. While Port Everglade passengers declined by almost 25% in 1980, the six-month count for 1981 almost doubled the 1980 figure, a reflection of various repositionings. Benefitting from an abundance of attractive air/sea packages, the Port of San Juan continued to grow, enjoying a 31% increase in cruise passenger departures in 1980. (3-52)

## Looking Ahead

New ship construction and extensive renovation have created a luxurious and much more efficient cruise fleet. But the expansion also caught the industry in an uncomfortable bind: substantial new capacity appeared on the market just as the economy turned down and discretionary spending slowed. Although the cruise business fared better on the whole than other segments of the travel industry, it must substantially expand its market base and capture a larger share of leisure travel if it is to keep up with fleet expansion.

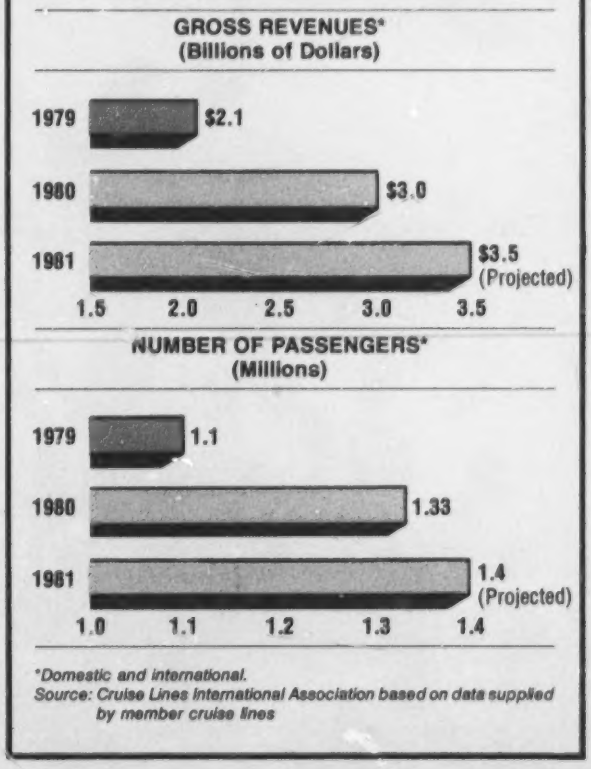
Many in the industry regard additional travel agent involvement as the key to market expansion. Much depends on raising the "cruise-consciousness" of travel agents, which CLIA hopes it can accomplish through additional information and shipboard training, as well as through acquaintance with the economic benefits of cruise sales. Because of strong repeat business generated by high customer satisfaction ratings, cruise sales involvement carries the potential of present and future profitability for travel agents.

Many lines will intensify efforts to tap new groups like the rapidly growing incentive travel market. Some also look to inbound travelers as a source of new business. Because of a convention tax bill signed at the end of 1980, one very important market — meetings and conventions — is now effectively closed to cruise ships. Convinced that the law (which bans tax deductions for meetings and conventions held aboard cruise ships of any country of registry) represents a serious threat to the future health of the cruise business, industry leaders were formulating plans to lobby in Washington for its repeal.

Despite a lacklustre year and the expectation of similar softness ahead, the industry believes the slowdown is only temporary and that demand will soon grow to match capacity. The cruise product is an attractive package with controlled expenditures. Compared with other types of vacations, cruise packages with fly-free or reduced air fare plans also reduce the traveler's exposure to escalating air fares. In this inflation-conscious era, the industry believes it can have a continuing appeal to an increasing pool of first-time travelers and strong repeat business as well.

3-49

**CRUISE INDUSTRY: VITAL STATISTICS**




*Domestic and international.
*Source: Cruise Lines International Association based on data supplied by member cruise lines*

3-50

## DEMOGRAPHIC PROFILE OF PAST FIVE-YEAR CRUISE TRAVELERS

| | Past 5-Year Cruisers | PREVIOUS EXPERIENCE | |
|---|---|---|---|
| | | First Cruise | Cruised Before |
| **Total** | 100% | 100% | 100% |
| **Sex** | | | |
| Male | 42 | 38 | 48 |
| Female | 58 | 62 | 52 |
| **Age** | | | |
| 18-34 years | 37 | 41 | 31 |
| 35-44 years | 11 | 9 | 14 |
| 45-54 years | 14 | 16 | 12 |
| 55 or more years | 38 | 34 | 43 |
| **Marital Status** | | | |
| Married | 64 | 59 | 72 |
| Single/living together | 23 | 27 | 17 |
| Separated/divorced | 7 | 8 | 3 |
| Widowed | 7 | 6 | 7 |
| **Education Of Respondent** | | | |
| High school or less | 54 | 53 | 54 |
| Some college | 26 | 28 | 23 |
| College graduate or better | 20 | 19 | 22 |
| **Total Annual Household Income** | | | |
| Under $15,000 | 20 | 20 | 19 |
| $15,000-$24,999 | 28 | 34 | 22 |
| $25,000 or more | 52 | 47 | 59 |
| **Occupation Of Household Head** | | | |
| White collar | 49 | 54 | 42 |
| Blue collar | 26 | 23 | 32 |
| Retired | 21 | 20 | 20 |

*Source: Travel Pulse Research Service 1979-80*

3-51

## FUTURE CRUISE DESTINATIONS OF GREATEST INTEREST*

| | Past 5-Year Cruisers % | PRIOR EXPERIENCE | |
|---|---|---|---|
| | | First Cruise % | Cruised Before % |
| Caribbean | 39 | 38 | 40 |
| Hawaii | 19 | 15 | 23 |
| Bermuda | 21 | 14 | 29 |
| Around the world | 15 | 5 | 27 |
| Mediterranean | 24 | 22 | 26 |
| Nassau | 11 | 10 | 12 |
| Alaska | 17 | 20 | 14 |
| Greek Islands | 12 | 8 | 17 |
| U.S. river cruise | 7 | 5 | 10 |
| Mexico | 8 | 9 | 6 |
| Northern Europe: Scandinavia/ The Baltic | 13 | 2 | 28 |
| South America | 8 | 4 | 12 |
| Pacific/Far East | 18 | 15 | 22 |
| Transatlantic crossing | 12 | 4 | 23 |
| Eastern Canada | 3 | — | 6 |
| Panama Canal | 7 | 6 | 8 |
| Yugoslavia | 2 | — | 4 |

**Based on those with a positive or neutral intention toward taking a cruise.*
*Source: Travel Pulse Research Service 1979-80*

3-52

## CRUISE PASSENGER DEPARTURES BY PORT OF EMBARKATION

| | 1980 | First Half 1981 |
|---|---|---|
| Miami | 756,830 | 406,947 |
| New York | 171,260 | n.a.[1] |
| San Juan | 165,301 | 111,007 |
| Port Everglades | 54,152 | 102,396 |
| Los Angeles | 51,421 | 48,320 |
| San Francisco | 20,458 | 6,938 |
| New Orleans[2] | 18,744 | 16,452 |

[1] *Figures released only once a year.*
[2] *Includes* Delta Queen *and* Mississippi Queen; *other figures not available.*
*Source:* Travel Market Yearbook *based on port figures*

3-53

## CRUISE SHIP CONSTRUCTION

| Company | Ship | New Passenger Capacity |
|---|---|---|
| **New Ships by 1982** | | |
| Carnival Cruise Lines | Tropicale | 1,022 |
| Home Lines | Atlantic | 1,069 |
| Royal Caribbean Cruise Lines | Song of America | 1,400 |
| Scandinavian World Cruises | M.S. Scandinavia[1] | 1,600 |
| **New Ships by 1984** | | |
| Holland America Cruises | Nieuw Amsterdam[2] | 1,200 |
| Holland America Cruises | Noordam[3] | 1,200 |
| Sitmar Cruises | Fairsky[2] | 1,200 |

[1] *Will also accommodate 400 cars.*
[2] *Scheduled for 1983 delivery.*
[3] *Scheduled for early 1984 delivery.*
*Source:* Travel Market Yearbook, *based on individual cruise line announcements*

3-54

## CARIBBEAN CRUISE VISITOR ARRIVALS 1970-1980*

| Year | Cruise Arrivals | Annual Growth, % |
|---|---|---|
| 1970 | 1,525,102 | — |
| 1971 | 1,773,021 | 16.3 |
| 1972 | 2,195,386 | 23.8 |
| 1973 | 2,713,759 | 23.6 |
| 1974 | 2,727,533 | 0.5 |
| 1975 | 2,751,894 | 0.9 |
| 1976 | 2,920,387 | 6.1 |
| 1977 | 3,048,612 | 4.4 |
| 1978 | 3,405,516 | 11.7 |
| 1979 | 3,618,851 | 6.3 |
| 1980 | 3,861,856 | 6.7 |

**Includes arrivals in the 28 member countries of the Caribbean Tourism Research and Development Centre; does not include Bermuda.*
*Source:* North American Tourism Demand Study, *Caribbean Tourism Research and Development Centre*

## RENTAL CARS

Competition intensified in the car rental market in 1981 as demand continued to dwindle. The slowdown which began in 1980 followed several years of record growth. Always extremely sensitive to economic fluctuations, most of the industry experienced slow transaction volume in the first half of 1981 as the economy faltered and air travel fell off. Along with the decline in business rentals came an even deeper decline in leisure rentals. Faced with a shrinking market at least temporarily, the major companies turned to price-cutting to stimulate demand. Although rentals picked up in the third quarter, the reduction in flights following the air controllers' strike in August once again depressed the picture. For the whole year, it appeared that rental volume would be flat and revenues would rise only moderately. Within the industrywide framework, however, individual companies fared quite differently and some were quite positive about volume and revenue gains.

In 1980 when the growth rate first leveled off and when the used rental car business was also in trouble, revenues reached an estimated $2.814 billion compared with $2.467 billion the previous year. (3-55) Although this was 14% higher than 1979, the increase reflected rate hikes rather than a genuine increase in demand. The 1981 gross was probably in the neighborhood of $3 billion, almost flat or slightly up, but coming after a year of competitive pricing. Significantly in mid-1981, however, the year-old volume decline was reversed. The air controllers' strike beginning in August produced mixed results. Essentially, the larger companies were more immediately affected because a larger share of their business derives from commercial traffic. In time, this leveled off as business travelers compensated for the cut-offs of small cities by picking up cars in nearby large cities that still had adequate service.

The industry operated 500,000 vehicles in 1980, up 8% from the 462,000 rental base in 1979. (3-56) Over the decade from 1970 to 1980, the size of the car rental fleet rose by 59%. The average service life of rental vehicles usually varies between 10 to 16 months after which they are sold as used cars. Most of the companies have completed their downsizing and have at least 95% in 6-cylinder or smaller cars.

These estimates of industry size and growth, compiled annually by the Hertz Corporation, represent the only published industrywide data available. The company points out that their figures may be conservative since a growing number of automobile dealers have entered the business in the past few years and enlarged the volume of rentals. Information on recent trends and company developments was gathered from discussions with officials of the four major operating companies.

### Market Changes

When most of the majors changed to a time and mileage basis in 1980, rates generally went up. In the spring of 1981 when they began to switch to essentially flat rates with unlimited mileage, rates generally went down. The lower rates were designed to

offset the shrinking air travel market by tapping new groups — family travelers, less-frequent travelers, and commercial accounts previously unable to obtain high-volume discounts under the old system. Coupled with competitive price-cutting came a heavy increase in the number of trade and consumer incentive programs and heavier emphasis on travel agent business.

As in past years, the top performers in the industry were Hertz, Avis, National, Budget, and Dollar. They were followed by several small multi-location systems, many of which entered into additional air terminal operations this year, and by a growing number of local operators, mainly from the ranks of automobile dealers. While the bulk of all rental transactions was handled at airports, off-airport locations gained strength, to some degree from consumers who use rental car services in order to conserve their own cars and from others, particularly in cities, who have chosen not to own cars because of skyrocketing maintenance and purchase costs.

Together, the top four — Hertz, Avis, National, and Budget — still claim approximately 95% of airport business, with Hertz and Avis the prime contenders in commercial accounts. The Hertz percent share of the airport market has been variously estimated in the mid-to-upper 30s and Avis in the mid-to-upper 20s, and many observers believe the gap between them has narrowed. Both National and Budget have exerted strong competitive pressure and made inroads in these shares. National, with an expanded fleet, has become a significant factor in the business rentals area and probably has an airport market share in the 20% range. Budget, which is strongly positioned in the economy leisure market, has a share estimated in the mid-teens but its business rental base has grown as its airport locations have increased. Although all share estimates are based on car-rental revenues generated at airports, they can vary significantly depending on the number of airports included, the time frame involved, and the number of participating companies. As National and Budget, for example, have increased their airport outlets and as new regional dealers have gone into terminal operations, this business has shown up in airport figures whereas previously it had not been measured. Because of such changing situations, the shares quoted may sometimes be misleading.

## Profile of Car Renters

Studies by Travel Pulse Research Service document an image of business car renters as predominantly male, under 45 years, college-educated, and affluent. (3-57) This business segment dominates the market because of its heavy volume of individual rental trips — an average of 15 car rental trips per business traveler compared with fewer than two each for discretionary travelers, according to Travel Pulse figures for 1979-1980. The pleasure segment, however, represents the largest number of individual renters. These renters also match the young and upscale picture of business renters but they were more likely to be female than male, 60% of pleasure renters as compared with a 17% female figure among business renters. While the proportion of women has significantly increased among pleasure car renters in the last three years, their share among business renters has changed very little.

All car renters cited speed in procedures, convenience of location, and condition of car as important determinants in choosing a rental car company. Pleasure travelers, however, pay more attention to discounts and price incentives than business travelers but less to reputation and reliability of car rental companies. (3-58)

## Looking Ahead

Changing patterns of automobile ownership should provide new opportunities for growth in the discretionary rental sector. Stunned by extremely high new car prices and soaring interest rates, consumers are keeping their cars longer and trading them in less frequently. Rather than risk a vacation in an aging car or add more mileage to a necessary family vehicle, many automobile owners can be expected to consider seriously the rental option for vacation travel. In appealing to the local market, off-airport and downtown locations will probably expand.

Although approximately 80% of car rental business comes from domestic business travelers, the leisure market is perceived as the area with the largest potential for growth. Over the long run, the business base is comparatively stable, even though it fluctuates with swings in the economy. Expansion of the leisure segment could substantially enlarge the total market and also yield significantly higher car-utilization rates than in the business travel sector. According to industry estimates, leisure renters use cars for three to four days compared with the average 2.8 business-day rental. Warm weather areas like the south and southwest will be focal points in such marketing strategies. As in past years, Florida will continue to be a prime market because of its unique mix of strong leisure as well as strong business travel.

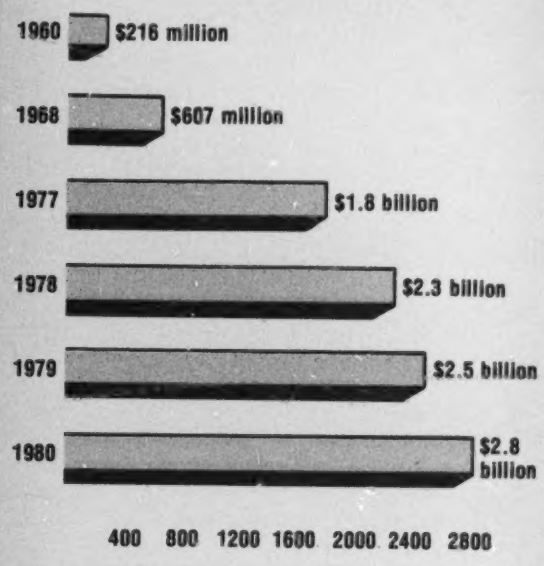
Overall the industry is still in a growing stage, even if temporarily stalled by a sagging economy. Since little national economic growth is anticipated in 1982, a flat situation may prevail for a while. However, car rentals usually respond very quickly to turns in the economy, sometimes even anticipating new directions. Any change in the economic tempo is thus likely to be reflected quickly in car rental activity.

Even with an upturn which the industry hopes to see by mid-1982, profitability will continue to be squeezed so long as high interest rates continue. Although no longer burdened with a poor used rental car market as in 1980, the companies nevertheless face the ongoing costs of carrying new cars which must continually be acquired in the process of fleet renewal.

Competition will be sharp, particularly in the field of services. After the recent period of rate cuts, delivery of services will be the key issue. In this regard the long-established companies are probably in a better position to provide these services. They can be expected to streamline procedures, put heavy emphasis on convenience and speed, and pay additional attention to reliability of equipment.

3-55

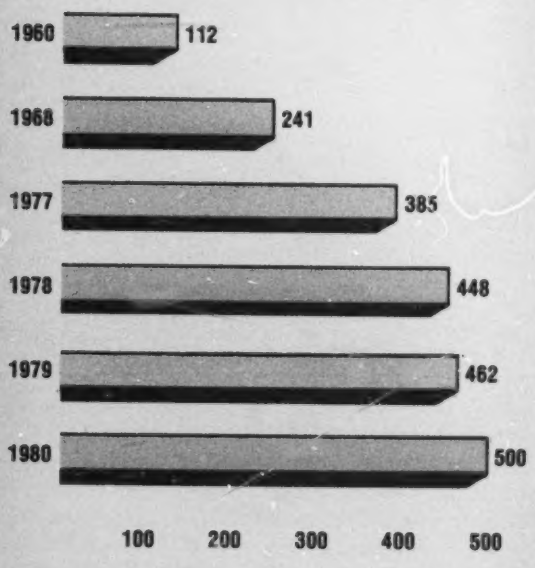
## CAR RENTAL REVENUES 1960-1980




*Source: Based on estimated data of The Hertz Corporation*

3-56

## CAR RENTAL VEHICLES IN USE
(Thousands)




*Source: Based on estimated data of The Hertz Corporation*

3-57

## DEMOGRAPHIC PROFILE OF CAR RENTERS

| | Domestic Pleasure | Domestic Business |
|---|---|---|
| | % | % |
| **Total Car Renters** | 100 | 100 |
| **Sex** | | |
| Male | 40 | 83 |
| Female | 60 | 17 |
| **Age** | | |
| 18-34 years | 45 | 58 |
| 35-44 years | 25 | 24 |
| 45-54 years | 10 | 9 |
| 55 or more years | 10 | 10 |
| **Education** | | |
| High school or less | 32 | 18 |
| Some college | 32 | 37 |
| College graduate | 36 | 45 |
| **Total Annual Household Income** | | |
| Under $15,000 | 22 | 2 |
| $15,000-$24,999 | 14 | 30 |
| $25,000 or more | 64 | 68 |
| **Occupation*** | | |
| White collar | 68 | 89 |
| Blue collar | 19 | 9 |
| Retired | 4 | 1 |

**Occupation of household head, except for business travelers where occupation of respondent is shown.*
*Source: Travel Pulse Research Service 1979-80*

3-58

## CAR RENTAL COMPANY SELECTION CRITERIA

| | Car Renters | |
|---|---|---|
| | Domestic Pleasure | Domestic Business |
| | % | % |
| Speed/Convenience | 69 | 84 |
| Discount/Price Incentives | 61 | 45 |
| Condition of Car | 54 | 68 |
| Reputation/Reliability | 28 | 40 |
| Personnel | 16 | 27 |

*Source: Travel Pulse Research Service 1979-80.*

## AUTOMOBILES

Over the decade, common carrier travel, particularly air, has grown rapidly with a rate of increase far surpassing that of automobile travel. Nonetheless, the automobile has retained its preeminent position. In spite of huge increases in gasoline prices and automobile maintenance costs, as well as soaring new car prices, U.S. travelers continued to rely primarily upon private motor vehicles as their preferred mode of transport. Depending upon the definition of "trip", some 60% to 80% of all travel away from home is estimated to be automobile travel, according to the U.S. Travel Data Center. Measured by passenger miles, automobiles accounted for 83.3% of intercity travel by all modes in 1980. (3-59) The slight gain in the automobile share of total passenger miles stems from the sharp common carrier decline, chiefly airlines, in 1980. In actual volume, automobile passenger miles also declined in 1980, as they had in 1979.

Reversing this trend, automobile travel picked up again in 1981 and the tempo increased in the second quarter. Through August, vehicle miles of travel on main rural roads were 3.8% higher than in 1980 and 2.9% above the 1979 figure. (3-61) For the full year 1981, the U.S. Travel Data Center expects to see a 4% increase in automobile passenger miles. Factors contributing to this more buoyant trend in automobile travel included some apparent moderation of inflation, ample gasoline supplies, and even some slight decline in gasoline prices.

### Vacation Travel

Evidence of strong auto-based vacation intentions appeared early in the spring, and actual vacation travel in June, July, and August topped 1980 levels. At the same time plans for future vacation travel remained substantially higher than last year, according to the U.S. Travel Data Center. The Center noted a tendency toward increased usage of personal motor vehicles and away from air transportation for vacation trips. It also saw evidence of shorter automobile trips close to home, a reversal of last year's trend to fewer but longer vacations.

Although vacation patterns have varied in recent years, previous research indicated that approximately 66% of all U.S. households generally take one or more vacations annually. Of these vacationing households, upwards of two-thirds use automobiles as their primary transportation mode. For the full year 1981, a study by Gregg Ganschaw, vice president of marketing for Color Art, Inc., revealed that 63% of all U.S. households took one or more vacations during the year. For their longest or major trip, 68.5% of vacationing households used automobiles or recreation vehicles. By contrast, an average 80% used automobiles for all vacation trips, including mini-vacations and weekends. Based on travel intentions, he forecasts a rise in vacation incidence in 1982 and significantly increased automobile usage on these trips: approximately 69% of all households will probably take a vacation trip, of which 78% will use automobiles for their longest trip. The recovery in automobile travel in 1981 and the forecast for 1982 suggest a possible return to earlier vacation patterns before the 1979 and 1980 disruptions.

### Recreation Vehicles

Since 1979, the market for family recreation vehicles has been deeply depressed. A 41.5% decline in shipments in 1979 was followed by a 41% decline in 1980. (3-62) Hard hit first by fuel shortages and then by escalating fuel prices, the industry's problems were compounded by the general economic recession, very high interest rates, and tight credit.

Signs of a moderate upturn first appeared in mid-1980 and continued into 1981. By August 1981, wholesale deliveries to that date were 42% higher than the same period in the previous year. Further supporting this trend was a marked upturn in consumer intentions to rent or buy an RV vehicle in the next year. An Index of Consumer Sentiment, compiled by the University of Michigan's Survey Research Center, showed consumer intentions in August nearly 10 points higher than a year ago.

A 1979-1980 study by the same Center indicates that the market for recreation vehicles is very much alive if not currently active. RV owners have absorbed fuel price increases to the point where the cost of fuel no longer seems to diminish usage. More than 60% of present owners expect to replace their current vehicle with another similar or more expensive one. Looking further ahead, the market is expected to expand as the very large 25 to 34 year segment of the population moves during the next decade into the 35 to 44 age group which traditionally supplies more RV owners than any other group.

Over the long term, the industry expects to satisfy these markets with lighter and more fuel-efficient vehicles, some of which have already appeared. In the immediate future, the outlook continues to remain uncertain, depending upon interest rate changes and the rate of growth of the national economy.

### The Driving Public

U.S. travelers took 748 million person-trips by auto, truck, and recreational vehicles in 1980, as documented by the U.S. Travel Data Center's *1980 National Travel Survey*. Over one-half of these trips involved distances of less than 400 straight-line round trip miles. The South received 25% of all person-trips, followed by 17% each for the Great Lakes and Frontier West regions.

In 1980 there were nearly 146 million drivers, of whom 53% were male and 47% female. California with its 15.6 million drivers far outnumbered all other states; New York and Texas followed with over seven million. U.S. drivers once again stayed away from the new car market and new passenger car registrations declined by 15%. (3-63)

Meanwhile, average costs of owning and running cars have continued to rise. The American Automobile Association estimated in 1981 that the national average cost to operate and own an intermediate-sized car driven 10,000 miles and held for four years was 31.9¢ per mile, a figure that is less than The Hertz Corporation national estimate. The latter, however, is a 20-city estimate based on mid-city charges for cars driven for three years and includes more than routine maintenance. Comparing

driving costs in 20 major cities in 1980 the Hertz survey found that the average cost of running a typical new 1980 compact was up by 25% over 1979. Expenses varied by nearly 17¢ a mile with Los Angeles, New York, and San Francisco ranking highest and Atlanta, Cincinnati, and Detroit lowest.

In the long run, however, the changeover to more fuel-efficient cars may once again alter the relative cost of automobile travel, particularly if air fares continue to rise. A recent study noted that even if gasoline prices rise in relation to other prices, motorists will still achieve substantial relative gains, depending upon the mileage improvement they have achieved. (3-64)

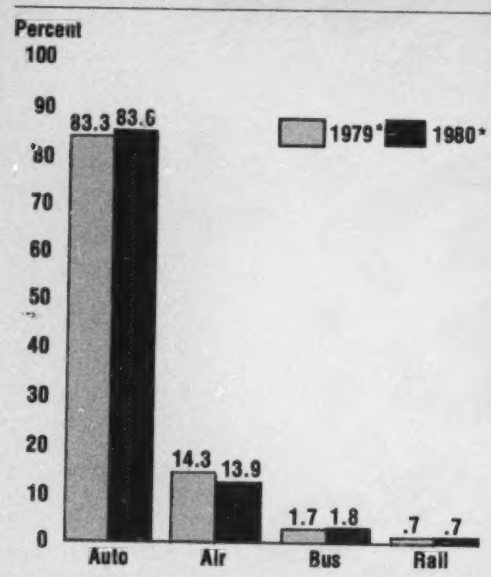
## Personal Transportation Expenditures

Despite a decline of $32.1 billion in new car expenditures in 1980, user-operated transportation expenditures rose by 9% in 1980. Gasoline and oil purchases were chiefly responsible, with expenditures leaping by 30%. The user-operated segment constituted the bulk of total personal consumption expenditures for transportation, 92% compared with only 5.2% for purchased intercity transportation. However, spending in the latter category increased by a strong 26% in 1980. (3-60)

Although dependence upon the automobile is likely to continue, it may not necessarily be dependence on a new car. A changing set of consumer values and priorities may be evolving, prompted in part by uncertain economic conditions but more specifically by concern over gasoline prices, soaring new car prices, and extremely high interest rates.

3-59

### PERCENT OF INTERCITY PASSENGER MILES BY MODE OF TRAVEL




*Revised data for 1979 and preliminary estimates for 1980.
Source: Transportation Association of America

3-60

### PERSONAL CONSUMPTION EXPENDITURES FOR TRANSPORTATION

(Millions)

| | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| **User-Operated Transportation** | | | | | |
| New Autos | $ 38,076 | $ 44,480 | $ 48,329 | $ 49,381 | $ 46,175 |
| Net Purchase of Used Autos | 11,898 | 13,389 | 15,083 | 15,942 | 15,624 |
| Other Motor Vehicles | 10,853 | 13,763 | 16,216 | 13,270 | 8,953 |
| Tires, Tubes, and Accessories | 11,745 | 13,408 | 14,657 | 16,860 | 19,178 |
| Repair and Rental | 21,266 | 23,919 | 27,877 | 32,186 | 34,371 |
| Gasoline and Oil | 43,973 | 48,183 | 52,703 | 68,371 | 89,018 |
| Bridge and Road Tolls | 861 | 900 | 955 | 982 | 946 |
| Insurance Premiums — Claims | 5,431 | 8,104 | 8,655 | 8,782 | 10,019 |
| **Total User Operated** | **$144,103** | **$166,146** | **$184,475** | **$205,744** | **$224,284** |
| **Purchased Local Transportation** | | | | | |
| Transit Systems | $ 2,074 | $ 2,208 | $ 2,325 | $ 2,524 | $ 2,950 |
| Taxicab | 2,077 | 2,234 | 2,350 | 2,453 | 2,822 |
| Railway (Commuter) | 224 | 230 | 240 | 265 | 309 |
| **Total Purchased Local** | **$ 4,375** | **$ 4,672** | **$ 4,915** | **$ 5,242** | **$ 6,081** |
| **Purchased Intercity Transport** | | | | | |
| Railway (Except Commuter) | $ 342 | $ 350 | $ 337 | $ 405 | $ 462 |
| Bus | 681 | 716 | 739 | 875 | 1,055 |
| Airline | 5,271 | 6,101 | 6,912 | 8,076 | 10,326 |
| Other | 417 | 488 | 580 | 689 | 813 |
| **Total Purchased Intercity** | **$ 6,711** | **$ 7,655** | **$ 8,568** | **$ 10,045** | **$ 12,656** |
| **Total Passenger Transportation Expenditures** | **$155,189** | **$178,473** | **$197,958** | **$221,081** | **$243,021** |
| **Total Personal Consumption Expenditures** | **$1,084,300** | **$1,205,500** | **$1,348,700** | **$1,510,900** | **$1,672,800** |

*Note: These are revised figures issued by the Department of Commerce in December 1980 as part of a comprehensive revision of national income and product account figures for 1976-79.*
*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

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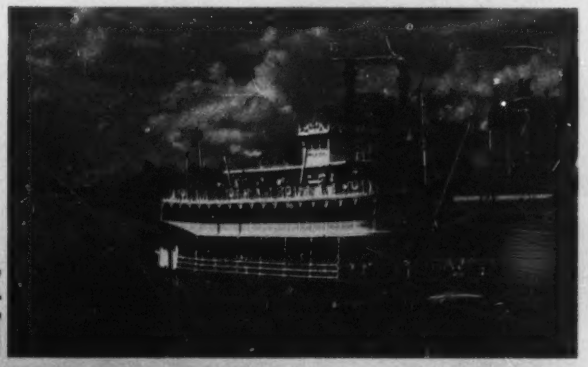

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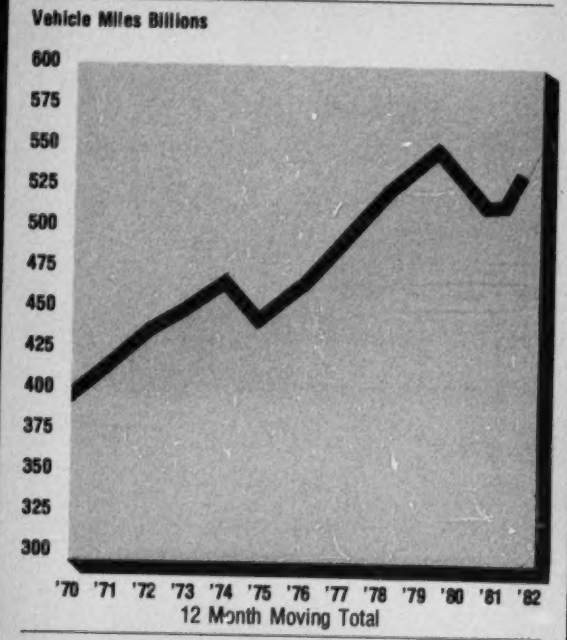
3-61

## ANNUAL VEHICLE MILES OF TRAVEL ON MAIN RURAL ROADS

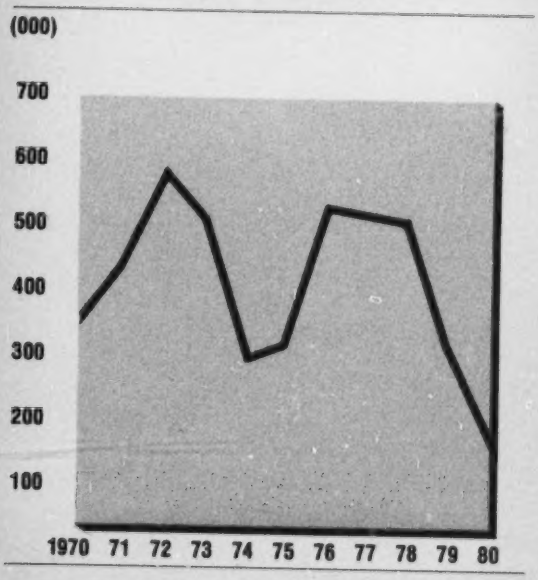



*Source: U.S. Federal Highway Administration*

3-62

## TOTAL RECREATION VEHICLE SHIPMENTS, 1970-1980*

(Units in Thousands)




*Includes travel trailers, fold-down camping trailers, truck campers, and motor homes. Van conversions not included prior to 1976.
*Source: Recreation Vehicle Industry Association*

3-63

## NEW PASSENGER CAR REGISTRATIONS

Total Industry-United States*

| December Year-To-Date | |
|---|---|
| 1970 | 8,388,204 |
| 1971 | 9,830,626 |
| 1972 | 10,487,794 |
| 1973 | 11,350,995 |
| 1974 | 8,701,094 |
| 1975 | 8,261,840 |
| 1976 | 9,751,485 |
| 1977 | 10,826,234 |
| 1978 | 10,946,104 |
| 1979 | 10,356,695 |
| 1980 | 8,760,937 |

*Excluding Oklahoma, not available.
*Source: R.L. Polk & Co. Further reproduction prohibited.*

3-64

## IMPROVED MILEAGE AND AUTO TRAVEL

### ANNUAL DOLLAR SAVINGS AND GASOLINE PRICES*

| Mileage Improvement from | to | Price of Gasoline $1.25 (annual savings) | $1.50 (annual savings) | $1.75 (annual savings) |
|---|---|---|---|---|
| 10 mpg | 15 mpg | $625 | $750 | $875 |
| 15 | 20 | 313 | 375 | 438 |
| 20 | 25 | 188 | 225 | 263 |
| 25 | 30 | 125 | 150 | 175 |
| 30 | 35 | 89 | 107 | 124 |
| 35 | 40 | 68 | 81 | 95 |

*Assuming 15,000 annual mileage.

### RELATIVE PRICES AND RELATIVE COSTS

| Mileage Improvement from | to | Change in Relative Price of Gasoline +10% | 0 | −10% | −20% |
|---|---|---|---|---|---|
| | | (Change in Relative Cost of Auto Travel) | | | |
| 10 mpg | 15 mpg | −26.7% | −33.3% | −39.1% | −46.7% |
| 15 | 20 | −17.5 | −25.0 | −32.5 | −40.0 |
| 20 | 25 | −12.0 | −20.0 | −28.0 | −36.0 |
| 25 | 30 | −8.4 | −16.7 | −25.0 | −33.9 |
| 30 | 35 | −5.7 | −14.3 | −22.9 | −31.4 |
| 35 | 40 | −3.7 | −12.5 | −21.2 | −30.0 |

*Source: "Improved Mileage, Discretionary Income, and Travel for Pleasure," William R. Bryan, Journal of Travel Research, Summer 1981*

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Source: Three Sigma, 1980.

# ACCOMMODATIONS

## DOMESTIC HOTELS AND MOTELS

Lodging industry performance in 1981 was directly affected by the slump in domestic air travel and the prolonged national recession and, to some extent, by the weakening of foreign currencies relative to the dollar and the air controllers' strike. For some time occupancy has been on a downward trend — during a number of months in 1979 because of the gasoline shortage and in 1980 and 1981 as a result of the weak economy, the rising cost of travel, and additional hotel capacity. More rooms came on the market as a result of the surge in hotel building that began in 1980 and continued through 1981. Nonetheless the industry continued to maintain its profitability, chiefly because of its ability to translate increased operating costs into room rate increases.

Industry receipts totaled $23.6 billion in 1980, up by 6%, and were projected to rise by 8% to reach $25.5 billion in 1981. (4-01,4-03) The revenue increase was generated almost entirely by the upward spiral in room rates. These rose on the average by almost 16% in 1980 but moderated somewhat in 1981. As of October 1981, room rates were up between 10-11% and the year-end rise was expected to be in the 10-12% range. When adjusted for inflation, real industry receipts in 1981, including room sales and food and beverage sales, were consistently lower than 1980 receipts during the first four months of the year. (4-02) The second quarter improvement reflected the moderation in the sharp occupancy declines experienced during the first few months of the year. In the spring, automobile travel picked up as gasoline prices stabilized and hotel room rate rises also leveled off.

### Occupancy Trends

Reduced demand as well as growth in room capacity combined to depress occupancy rates. Most occupancy figures quoted are those developed by the two leading accounting firms that track industry progress. In the Laventhol and Horwath sample based on hotels with 100 rooms or more, room occupancy in 1980 was 70.4% compared with 71.2% the previous year. All of their categories except resorts registered declines. The Pannell Kerr Forster figures for their 800-hotels sample showed a larger drop: their average occupancy rate was 69.9% in 1980, down from 72.8% in 1979. Of their four types of properties, all reported lower occupancies but transient hotels showed the smallest decline. Estimates for 1981 by both companies indicate a drop in the 2-3% range below the 1980 level. Measured by historical standards, occupancy is still relatively high despite these declines.

Because of the diversity of the industry, there is a considerable spread in occupancies as well as in room rates. Figures based on the Bureau of the Census sample come out consistently lower than the figures cited above because they cover the entire spectrum of lodging establishments, including very small ones and those open only part of the year. For all lodging establishments the occupancy drop between 1979 and 1980 was 5 points, probably reflecting the heavier proportion of marginal operations. (4-01)

In the first half of 1981, Laventhol and Horwath properties showed an occupancy decline of 2.9%, a more moderate rate than the 4% fall-off at the end of the first quarter of the year. Large hotels with center city locations were hurt more than smaller ones and southeast properties more than other locations. Only the South Central and the West had moderate declines. (4-07) The air controllers' strike in early August produced mixed results but with only a minimal effect overall. Hotels with over 600 rooms felt the sharpest decline and center city locations were hurt more than others. At the same time hotels in the west enjoyed a 2% increase in occupancies.

A comparison of 1980 and 1981 first-half results in twenty major cities by Pannell Kerr Forster shows occupancy declines in fifteen of them. (4-05) These ranged from a fractional fall-off in Washington, D.C. of .1% to a very large 14.8% drop in Miami occupancies. Almost all, however, compensated for the declines with higher room rates.

### Room Supply

Approximately 100,000 new rooms came on the market in 1981, following a similar but slightly smaller gain the previous year. However, these large increases were offset by numerous hotel closings, mainly in smaller, older, and obsolete facilities. Total actual rooms available in 1981 averaged an estimated 2,523,850 representing a net gain of about 50,000 rooms. This followed a 30,000 net room increase in 1980. (4-01) Over the period from 1970-1979, growth in available rooms averaged 1.6% annually; between

1980 and 1981, the gain was 2%.

Both 1980 and 1981 saw strong hotel construction and large-scale renovation activity, much of it centered in metropolitan areas and in gateway cities that were major points of entry for foreign visitors. Virtually all of the major operators were still building and many cities saw striking increases in capacity despite the usual attrition in older hotels. In New York City alone, 6,000 new rooms became available in 1981.

The top 25 chains in the U.S. in 1981 showed a modest increase in both rooms and properties in 1981. Rooms increased by 2.9% to 1,145,211 and properties were up by 2.7% to 8,914. (4-04) As a group, they are reported to have decreased only slightly in occupancy but dramatically in average rates. The group includes only "brandname" chains and *Lodging Hospitality* which compiled the list points out that it does not include major franchise companies, large management companies, and other firms that combine equity ownership and management services.

## Resort Trends

Compared with the other types of properties surveyed by Pannell Kerr Forster, resorts achieved the best occupancy rate in 1980, despite some decline from 1979. Revenues increased by 9.2% and room rates also climbed but in both cases by somewhat less than the overall industry increase. (4-09) Because they are heavily energy-intensive, resort hotels experienced larger than average increases in final costs. By location, resorts in the South Atlantic outperformed other areas, with the Mountain and Pacific region hardest hit by the high costs of jet fuel and escalating airline fares.

Within this composite picture of the resort industry, there were striking variations. On the one hand, many properties in certain areas like Florida and Hawaii were badly hurt by the slump in leisure travel. In other regions, smaller resorts and establishments that depend upon tourists and overnighters generally bore the brunt of the travel decline. By contrast, the leading luxury resorts nationwide recorded a generally prosperous year. According to a survey by *Resort Management Today* the sluggish economy had little effect upon this sector of the industry.

Much the same picture emerged in 1981. Overall, there were continuing declines and, once again, on a statewide basis, Florida and Hawaii showed the heaviest losses. The upscale resorts, however, appeared virtually "recession-proof." Although experiencing some cutbacks early in the year from associations and government groups, the evidence seemed to indicate another very dynamic year in terms of occupancies and revenues.

## Hotel Demand

Clientele varied considerably depending upon hotel location, with center city hotels drawing a more balanced visitor mix than other types. In addition to business travelers and conference participants who provided their chief market, they also drew substantial tourist traffic. (4-06) While two-thirds of resort hotel demand derived from tourists, they also attracted an additional 22% from conference participants, the same percentage that used center city hotels. Suburban and airport hotels depended very heavily on business travelers and hotels in highway locations also counted on them for more than half of their market in 1980.

As in past years, Canadians and Mexicans led the list of foreign visitors. (4-08) In 1980, the percentage of South American guests rose dramatically and surpassed that of the British and Japanese. Intraregional traffic received another boost from the surge in Central American travelers. International business spilled out across the country, aided by various fly/drive/motorcoach/rail packages. However, certain regions derived the chief benefit from foreign demand depending upon their location — hotels in the North Central region benefited from the proximity of Canadians, those in the South Central area from Mexican travelers and those in the Southeast from South Americans.

## Looking Ahead

Virtually all the major operators have long-term projects under way. There may be a slowdown on new commitments in 1982 and extending into 1983, depending upon the extent to which costs rise and credit eases. Foreign investors who have been a major presence in the hotel marketplace have continued building not only in the U.S. but in Mexico and Canada.

Overall the picture appears extremely mixed just as it was in 1981. Some operators have reported strong occupancies and revenues in certain locations while their second properties in the same cities experienced declines. The industry as a whole has remained profitable because it has been able to pass on its rising costs through increased room rates. Long-term profitability will depend upon productivity increases, the cost of borrowed money, and the ability to continue increasing room rates.

The lodging product meanwhile has become increasingly differentiated. The luxury sector which became very strong in the late 1970s continued to prosper and evolved into the super-luxury market. By contrast, there has recently been an emphasis on good economy transient lodging. The latter, however, are more susceptible to economic fluctuations.

As the industry becomes more competitive, the development of additional weekend business will be essential. Greater attention will also be focused on changing customer needs. Not only will such guest room amenities as health clubs, courier service, and business service centers be offered, but the business travelers of the future will expect sophisticated telecommunications services as well.

New technology may also directly affect the meetings and convention sector. Through teleconferencing business meetings may soon be held simultaneously in hotels in many different locations. Whereas approximately only 7% of the respondents in a recent study on meetings and convention business indicated that they had previously used teleconferencing, a substantial 15% indicated that they intended to use it in the future. (See Business Traveler section.) Such changing demands may profoundly alter the nature of the industry.

4-01

## DOMESTIC HOTELS AND MOTELS: VITAL STATISTICS

**1980 Receipts:** $23.6 billion

6.3% increase over 1979

**Room Availability and Occupancy Trends**

| | 1979 | 1980 |
|---|---|---|
| Available rooms | 2,453,000 | 2,475,350 |
| Occupancy | 67.8% | 62.8% |

**1981 Estimate:**

| | |
|---|---|
| Receipts | $25.5 billion |
| Rooms Available | 2,523,850 |
| Occupancy | 61% |

*Source: Receipts for 1980 from U.S. Department of Commerce, Bureau of the Census; other industrywide figures and estimates by Laventhol & Horwath based on the Census sample*

4-02

## MONTHLY HOTEL/MOTEL RECEIPTS* ACTUAL AND DEFLATED

(Millions of Dollars)

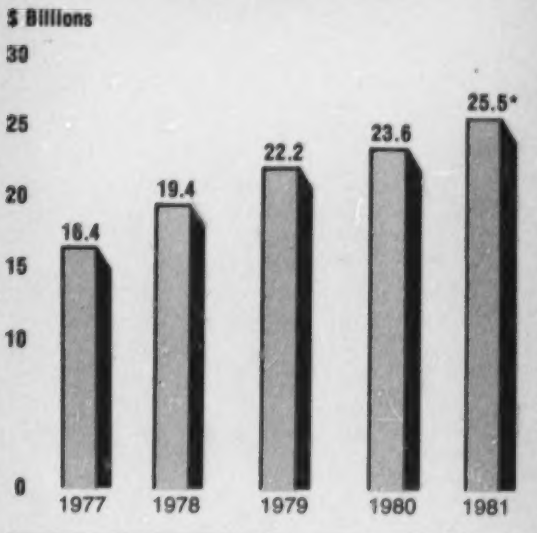
| | 1980 | | 1981 | | Percent Change |
|---|---|---|---|---|---|
| | Receipts in Current Dollars | Receipts in 1967 Dollars | Receipts in Current Dollars | Receipts in 1967 Dollars | '80/'81 1967 Dollars |
| Jan. | $ 1,735 | $ 674.3 | $1,857 | $660.6 | -2.0% |
| Feb. | 1,787 | 681.8 | 1,883 | 657.7 | -3.5 |
| Mar. | 2,014 | 758.3 | 2,204 | 754.5 | -0.5 |
| Apr. | 1,916 | 751.2 | 2,188 | 743.0 | -1.1 |
| May | 1,992 | 741.1 | 2,358 | 800.4 | +8.0 |
| June | 2,063 | 761.5 | 2,379 | 797.5 | +4.7 |
| July | 2,269 | 837.0 | 2,573 | 847.8 | +1.3 |
| Aug. | 2,319 | 844.2 | 2,616 | 849.0 | +0.6 |
| Sept. | 1,952 | 708.3 | 2,294 | — | — |
| Oct. | 2,066 | 774.0 | — | — | — |
| Nov. | 1,772 | 645.8 | — | — | — |
| Dec. | 1,733 | 632.9 | — | — | — |
| Total | $23,638 | $8,818.4 | — | — | — |

**Not adjusted for seasonal variation.*
*Source: Laventhol & Horwath based on data from Bureau of the Census and Bureau of Labor Statistics*

4-03

## TOTAL RECEIPTS OF U.S. HOTELS AND MOTELS

(Billions of Dollars)




**Estimate by Laventhol & Horwath.*
*Source: U.S. Department of Commerce, Bureau of the Census; Laventhol & Horwath*

4-04

## TOP 25 U.S. LODGING CHAINS 1981

| | U.S. Properties | |
|---|---|---|
| Name of Chain | Number | Rooms |
| Holiday Inns, Inc. | 1,574 | 261,571 |
| Best Western International | 1,761 | 158,535 |
| Ramada Inns, Inc. | 589 | 86,236 |
| Sheraton Corporation | 332 | 78,014 |
| Hilton Hotels Corporation | 213 | 76,000 |
| Friendship Inns International | 928 | 64,000 |
| Howard Johnson Company | 514 | 53,743 |
| Days Inns of America, Inc. | 315 | 44,394 |
| Quality Inns International | 344 | 38,020 |
| TraveLodge International, Inc. | 512 | 37,605 |
| Marriott Hotels | 80 | 33,396 |
| Motel 6, Inc. | 312 | 33,284 |
| Hyatt Hotels Corporation | 61 | 33,000 |
| Best Value Inns/Superior Motels | 401 | 24,000 |
| Rodeway Inns International | 147 | 17,895 |
| Westin Hotels | 23 | 15,087 |
| La Quinta Motor Inns, Inc. | 105 | 12,492 |
| Magic Key Inns of America | 300 | 11,000 |
| Red Carpet Inns International | 78 | 10,500 |
| Hotel Systems of America, Inc. | 81 | 9,650 |
| Americana Hotels Corporation | 30 | 8,703 |
| AMFAC Hotels & Resorts | 21 | 8,634 |
| Thunderbird/Red Lion Inns | 43 | 8,211 |
| Radisson Hotel Corporation | 23 | 8,126 |
| Econo-Travel Motor Hotel Corp. | 134 | 8,113 |

*Source:* Lodging Hospitality

4-05

## TRENDS IN U.S. HOTELS: 20 MAJOR CITIES FIRST HALF 1980/1981*

| Cities | Average Room Rate | | | Average Room Occupancy | | | Average Room Revenue |
|---|---|---|---|---|---|---|---|
| | 1980 | 1981 | Percent Change | 1980 | 1981 | Percent Change | Percent Change |
| Atlanta | $40.37 | $45.35 | +12.3% | 66.6% | 63.7% | − 4.4% | + 6.8% |
| Boston | 47.40 | 58.01 | +22.4 | 73.0 | 70.2 | − 3.8 | +17.0 |
| Chicago | 51.80 | 57.60 | +11.2 | 65.9 | 62.4 | − 5.3 | + 4.7 |
| Dallas/Fort Worth | 60.50 | 55.05 | + 9.0 | 72.1 | 65.5 | − 9.2 | − 1.5 |
| Denver | 40.41 | 45.11 | +11.6 | 65.6 | 63.9 | − 4.3 | + 6.2 |
| Fort Lauderdale | 53.47 | 61.91 | +15.9 | 79.9 | 74.8 | − 6.4 | + 7.9 |
| Houston | 53.51 | 48.95 | +12.5 | 68.5 | 67.0 | − 2.2 | + 9.4 |
| Knoxville | 27.29 | 31.15 | +14.1 | 70.9 | 65.7 | − 7.3 | + 5.2 |
| Los Angeles | 47.14 | 54.26 | +15.1 | 79.5 | 75.8 | − 4.7 | + 9.2 |
| Memphis | 28.68 | 31.95 | +11.4 | 63.4 | 65.3 | + 3.0 | +14.1 |
| Miami | 58.32 | 70.21 | +20.4 | 82.0 | 69.9 | −14.8 | + 2.1 |
| Nashville | 35.42 | 38.50 | + 8.7 | 65.3 | 68.9 | + 5.5 | +14.1 |
| New York City | 59.34 | 66.81 | +12.6 | 77.6 | 71.3 | − 8.1 | + 2.9 |
| Orlando Area: | | | | | | | |
| Disney/Kissimmee Area | 40.93 | 43.15 | + 5.4 | 78.4 | 74.0 | − 6.8 | − 2.3 |
| International Drive | 33.65 | 36.64 | + 8.9 | 74.6 | 75.3 | + 1.1 | + 9.5 |
| City of Orlando | 26.28 | 27.85 | + 6.0 | 72.0 | 70.9 | − 1.5 | + 3.6 |
| Philadelphia | 40.89 | 45.47 | +11.8 | 65.0 | 65.1 | + .2 | +11.3 |
| Phoenix | 49.51 | 55.25 | +11.6 | 72.2 | 69.7 | − 3.5 | + 7.7 |
| San Diego | 44.37 | 50.44 | +13.7 | 77.4 | 78.1 | + .9 | +14.1 |
| San Francisco | 56.53 | 66.66 | +17.9 | 77.2 | 76.1 | − 1.4 | +15.6 |
| San Juan, P.R. | 60.83 | 68.05 | +11.9 | 72.4 | 71.5 | − 1.2 | + 9.9 |
| Washington, D.C. | 59.13 | 68.05 | +15.1 | 71.8 | 71.7 | − .1 | +14.3 |
| Cities total | $48.36 | $54.62 | +12.9% | 73.8% | 69.4% | − 4.4% | + 7.9% |

*1981 results are based on 181 days. 1980 results are based on 182 days.*
*Source: Pannell Kerr Forster monthly reports,* Trends in The Hotel Industry, United States

4-06

## U.S. HOTELS: SOURCE AND COMPOSITION OF BUSINESS 1980

| | Location | | | | |
|---|---|---|---|---|---|
| | Center City | Airport | Suburban | Highway | Resort |
| Source of Business | | | | | |
| Domestic | 80.8% | 94.3% | 95.8% | 95.1% | 84.9% |
| Foreign | 19.2 | 5.7 | 4.2 | 4.9 | 15.1 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Percentage of Repeat Business | 48.3% | 48.8% | 49.8% | 50.4% | 41.9% |
| Composition of Market | | | | | |
| Government Officials | 6.1% | 3.2% | 2.0% | 2.9% | .3% |
| Businessmen | 46.6 | 70.3 | 77.3 | 59.1 | 7.2 |
| Tourists | 18.3 | 9.8 | 10.9 | 23.2 | 66.3 |
| Conference Participants | 22.0 | 13.5 | 8.6 | 9.7 | 22.4 |
| Other | 7.0 | 3.4 | 1.2 | 5.1 | 3.8 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Percentage of Advance Reservations | 81.9% | 86.8% | 82.1% | 67.0% | 88.4% |
| Composition of Advance Reservations | | | | | |
| Direct | 38.0% | 35.2% | 41.5% | 46.4% | 42.0% |
| Reservation Systems | 39.4 | 46.3 | 49.2 | 36.9 | 17.7 |
| Travel Agents & Tour Operators | 16.0 | 12.2 | 8.1 | 10.8 | 24.4 |
| Other | 6.6 | 6.3 | 1.2 | 5.9 | 15.9 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Ratio of Travel Agent Commissions to Room Sales | .5% | .8% | .3% | .2% | 1.3% |

*Note: Based on contributors to the study who supplied detail.*
*Source: Laventhol and Horwath,* U.S. Lodging Industry 1981.

4-07

## LODGING INDUSTRY TRENDS AS OF JUNE 1981

| | Sales % Change* | | | Occupancy Rate | | Double Occupancy Rate | | Room Sales Per Occupied Room | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Rooms | Food and Beverage | 6 mos./ Through June | % Change* | 6 mos./ Through June | % Change* | 6 mos./ Through June | % Change* |
| **TOTAL U.S.A.** | 7.8 | 8.3 | 6.7 | 68.4 | −2.9 | 52.6 | — | $44.77 | 11.0 |
| **AFFILIATION:** | | | | | | | | | |
| Chain | 7.5 | 8.3 | 5.7 | 69.4 | −2.3 | 51.1 | −0.3 | $44.01 | 10.5 |
| Independent | 9.0 | 8.4 | 10.0 | 63.4 | −5.7 | 57.9 | 0.9 | 48.59 | 13.3 |
| **AREA:** | | | | | | | | | |
| Northeast | 7.7 | 7.2 | 8.6 | 71.0 | −3.9 | 34.7 | 0.9 | $61.51 | 12.3 |
| Southeast | 8.3 | 8.6 | 7.7 | 71.8 | −4.1 | 91.3 | −2.1 | 46.85 | 13.0 |
| North Central | 5.8 | 4.7 | 2.1 | 60.6 | −3.5 | 37.4 | 1.1 | 33.15 | 8.0 |
| South Central | 11.7 | 12.6 | 9.7 | 71.1 | −1.2 | 40.6 | 4.0 | 44.72 | 11.9 |
| West | 6.3 | 7.7 | 3.6 | 71.4 | −0.5 | 42.7 | 2.7 | 39.61 | 8.3 |
| **LOCATION:** | | | | | | | | | |
| Center City | 6.8 | 6.9 | 6.6 | 67.6 | −4.5 | 38.8 | 0.5 | $57.63 | 12.6 |
| Suburban | 8.3 | 10.8 | 3.7 | 69.2 | −0.9 | 41.6 | 5.1 | 39.58 | 10.8 |
| Highway | 9.1 | 9.8 | 6.9 | 66.9 | −0.9 | 60.6 | −1.4 | 29.95 | 10.2 |
| Airport | 9.7 | 9.3 | 10.5 | 71.9 | −3.8 | 32.8 | −1.5 | 41.35 | 9.7 |
| Resort | 7.4 | 7.1 | 8.0 | 69.8 | −4.9 | 108.4 | −1.3 | 53.02 | 12.5 |
| **SIZE:** | | | | | | | | | |
| Under 150 | 10.3 | 11.3 | 7.2 | 68.0 | 0.2 | 58.1 | 2.9 | $28.71 | 10.3 |
| 150 TO 299 | 7.2 | 7.8 | 5.9 | 67.8 | −2.7 | 52.9 | −1.0 | 39.75 | 10.5 |
| 300 TO 600 | 9.3 | 9.7 | 8.5 | 69.1 | −3.8 | 51.5 | −0.8 | 53.45 | 12.7 |
| Over 600 | 5.9 | 5.8 | 5.7 | 69.0 | −5.9 | 49.5 | −0.4 | 65.23 | 12.9 |

*Six months 1981 compared with corresponding period of 1980.*
*Source: Laventhol & Horwath, National Trend of Business in the Lodging Industry*

4-08

## NATIONALITY OF GUESTS IN U.S. HOTELS 1980*

| | All Establishments | Area | | | | |
|---|---|---|---|---|---|---|
| | | North-East | South-East | North Central | South Central | West |
| U.S.A. | 89.9% | 86.0% | 76.3% | 96.5% | 89.8% | 91.4% |
| International | 10.1 | 14.0 | 23.7 | 3.5 | 10.2 | 8.6 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |
| Other Nationalities — Ratio to Total International | | | | | | |
| Canadian | 19.9% | 18.3% | 19.7% | 48.8% | 8.1% | 17.5% |
| Mexican | 19.4 | 1.1 | 3.3 | 5.7 | 58.3 | 13.1 |
| South American | 16.0 | 6.8 | 37.6 | 3.1 | 6.9 | 2.6 |
| British | 8.3 | 14.8 | 5.1 | 3.8 | 7.4 | 11.9 |
| Japanese | 8.2 | 6.8 | 1.6 | 10.8 | 1.9 | 25.5 |
| Central American | 7.9 | 3.4 | 16.0 | 1.3 | 6.5 | 1.9 |
| Other European | 4.7 | 4.5 | 4.9 | 7.0 | 1.3 | 7.1 |
| German | 4.6 | 15.9 | 4.2 | 4.4 | 1.6 | 5.2 |
| French | 3.7 | 11.4 | 3.5 | 2.6 | 2.5 | 3.7 |
| Middle Eastern | 2.0 | 2.3 | 1.9 | 2.6 | 2.5 | 1.5 |
| Italian | 1.5 | 5.7 | .7 | .6 | .9 | 2.2 |
| Other Asian | 1.5 | 1.1 | — | 1.3 | .3 | 5.6 |
| Scandinavian | .9 | 1.1 | 1.1 | 1.8 | .3 | .7 |
| Australasian | .8 | 3.4 | — | .6 | .6 | 1.5 |
| African | .5 | 3.4 | .4 | .6 | .6 | — |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

*Based on contributors to the study who supplied detail.*
*Source: Laventhol and Horwath, U.S. Lodging Industry 1981.*

4-09

## RESORT HOTEL TRENDS

| | Percentage of Occupancy | | Room Rate[2] | | Total Revenues[3] |
|---|---|---|---|---|---|
| | 1980 | % Change '79/'80 | 1980 | % Change '79/'80 | % Change '79/'80 |
| **100 Resort Hotels[1]** | 71.8% | (4.0)% | $53.52 | 14.1% | 9.2% |
| **Geographic Divisions** | | | | | |
| New Eng. and Middle Atlantic | 66.1% | .9% | $53.38 | 12.1% | 10.0% |
| North Central | 60.0 | 7.1 | 38.67 | 14.7 | 3.8 |
| South Atlantic | 65.4 | 1.9 | 56.05 | 20.6 | 20.3 |
| South Central | 76.5 | 6.5 | 55.74 | 22.6 | 25.9 |
| Mountain and Pacific | 74.7 | (6.9) | 52.57 | 11.3 | 4.0 |

[1] *Resort hotel component of nationwide sample of 800 hotels, motels, and resorts.*
[2] *Average daily rate per occupied room.*
[3] *Per available room.*
*Source: Pannell Kerr Forster,* Trends in the Hotel Industry, *1981 USA Edition.*

## INTERNATIONAL HOTELS AND MOTELS

Despite worldwide conditions of slow economic growth, high unemployment, persistent inflation, and mounting balance of payments deficits, there was a 6% rise in international tourist arrivals in 1980, according to the World Tourism Organization. Rather than forgo their holidays which many, particularly in Europe had come to regard as a "right" and as a sign of the fulfilled life, tourists appeared to have restructured their travel patterns. The evidence pointed to increased domestic travel and travel closer to home, a tendency reinforced by the increased cost of transportation and by weak exchange rates in many countries. Intraregional and short-and-medium haul traffic gained while interregional, long-haul movements declined.

There were also indications of changing demand patterns for accommodations. Many budget-conscious travelers and tourists stayed with friends and relatives or used supplementary and low-cost forms of accommodations, other than full-service hotels. WTO studies indicate that in several European countries the increase in hotel accommodations has been outstripped by the increase in supplementary accommodations. The latter include such facilities as registered private accommodations (rented rooms, apartments, houses), camping and caravan sites, and youth hostels. In Great Britain, particularly, "self-catering" facilities have posed a serious challenge to the hotel industry.

Changes in exchange rates profoundly affected the flow of travel both in 1980 and in 1981. When the U.S. dollar weakened in 1980, the U.S. became a prime tourist-receiving area, with many Europeans, South Americans, and Japanese perceiving it as a "bargain" destination. Conversely, the flow of U.S. travelers abroad slowed. The sharp rise in the value of the dollar in 1981 set in motion new patterns that may see U.S. citizens once again traveling in increasing numbers to overseas destinations while certain types of overseas tourists may be priced out of the American market.

### Operating Trends

Even though tourism appears to have withstood the worldwide economic slump, changing patterns of travel have affected the worldwide lodging industry. According to the Laventhol and Horwath study of hotels all over the world including the United States, the occupancy rate dropped nearly 6% in 1980, the first decline since 1975. The decline stemmed from reduced demand coupled with the increased room capacity generated by the vigorous hotel expansion of the past few years. However, substantially increased room rates, in the neighborhood of 25%, compensated for the drop in occupancy. Total revenues rose by 21% but net income was up by only 11%, partly reflecting the very steep rise in energy costs.

Data on international hotels compiled by Pannell Kerr Forster also documents declining demand. Their study, based on a sample of 400 hotels in thirteen regions all over the world except the U.S., reveals an occupancy rate decline of 2%, compared with the almost 4% decline in their U.S. properties. (4-12) While there was considerable variation in performance, almost all areas recorded declines, with politically troubled Central America showing the steepest drop. In Europe which accounts for approximately half the world's accommodation space, the average occupancy decline was 5% but the range was very wide, including a 10.8% increase in Denmark's rate and a 10.2% decline in the rate in Great Britain.

Room rates in their international properties rose by 16.4%, approximately the same as in their U.S. hotel sample. All areas reported increases, with the smallest rise in Europe and the largest in South America. Total revenues rose by 15% compared with a 10% rise posted in the U.S.

### Composition of Demand

In the international hotels analyzed by Laventhol and Horwath, the percent of foreign guests declined once again in 1980 while those from domestic sources rose nearly 8%. The relative proportions of business travelers and tourists, the two chief segments of hotel demand, have completely reversed themselves in the period between 1976 and 1980. (4-13) Business guests comprised 42% of the market in 1980, compared with 31.7% in 1976. By contrast, tourists made up only about 31% of the market in 1980, a sharp decline from the 41.7% in 1976 when the percent of guests traveling for pleasure began to decline. The share of conference participants declined in 1980 as did that of government officials. Broken down by regions, the percentage of business travelers was up in ten of the thirteen areas surveyed and down only in Africa, Cen-

tral America, and the Far East.

By nationality, U.S. travelers comprised 22.2% of all the guests in international hotels. (4-16) Their top ranking reflects the very high percentage of U.S. guests in North American hotels and in the Caribbean. In the top ten, there were only slight changes in rankings, except for the Scandinavians who moved up from tenth to fifth place. (4-15) Although U.S. travelers continued to represent the largest group of guests in international hotels, their percentage of the total market declined more than 15% in the past five years while the British nearly doubled their share and the Germans increased their portion by more than 40%.

## Leading Hotels and Motels

On a worldwide basis, Holiday Inns, Best Western, and Sheraton accounted for the largest number of rooms among the top twenty international hotels and consortia. (4-11) This group of twenty leading hotel groups controlled more than one and a half million rooms in 1980, according to a survey by *Service World International*. Holiday Inns which accounts for approximately 19% of these rooms has dominated the list in the decade from 1970 to 1980. Novotel, the French chain, added a record 11,000 rooms as a result of acquisitions of other hotels. Holiday Inns and Club Med each added approximately 7,000 rooms. In a ranking of chains alone, Holiday Inns, Sheraton and Ramada dominated the worldwide ratings. (4-14) Marriott and Hyatt however, outpaced all others in room expansion, with Hyatt adding 8,500 new rooms and Marriott, over 10,000.

## Looking Ahead

With little improvement in the world economic situation likely at least for the first half of 1982, the hotel industry will essentially remain in a holding pattern. Even though the worldwide tourism potential remains strong, the shape and direction of future hotel demand appears to be changing. The lodging market has become increasingly segmented: at one end of the spectrum the budget traveler has emerged as a significant force, and at the other end, the super-luxury hotels and resorts have continued to prosper despite the recession. This could affect both the type and location of new facilities.

Even though many countries have made progress in their fight against inflation, higher energy and labor costs have contributed to sharply rising costs of hotel operation. While these have generally been passed on into higher room rates, a period of more competitive pricing is likely. The industry's performance will depend upon its ability to cope with these operating costs and at the same time maintain standards and service that travelers have come to expect.

### TOP 20 INTERNATIONAL HOTEL CHAINS AND CONSORTIA 1970 VS. 1980

4-11

| 1970 | | | | 1980 | | | |
|---|---|---|---|---|---|---|---|
| Organization/Country | Type | No. of Rooms | No. of Hotels | Organization/Country | Type | No. of Rooms | No. of Hotels |
| 1. Holiday Inns, USA | Chain | 182,513 | 1,293 | 1. Holidays Inns, USA | Chain | 303,578 | 1,755 |
| 2. Sheraton, USA | Chain | 59,600 | 225 | 2. Best Western, USA | Consortium | 207,299 | 2,761 |
| 3. Hilton, USA | Chain | 46,500 | 85 | 3. Sheraton, USA | Chain | 107,966 | 418 |
| 4. Howard Johnson, USA | Chain | 39,500 | 425 | 4. Ramada, USA | Chain | 94,000 | 635 |
| 5. Best Western, USA | Consortium | 37,000* | 1,300* | 5. Friendship Inns, USA | Consortium | 78,500 | 1,080 |
| 6. Ramada, USA | Chain | 35,625 | 352 | 6. Trusthouse Forte, UK | Chain | 72,299 | 810 |
| 7. Friendship Inns, USA | Consortium | 35,000 | 350* | 7. Hilton Corp., USA | Chain | 71,804 | 203 |
| 8. Quality Courts, USA | Chain | 30,670 | 397 | 8. Federation National, France | Consortium | 71,711 | 4,345 |
| 9. Balkantourist, Bulgaria | Chain | 27,175 | 283 | 9. Supranational, Switzerland | Consortium | 70,000 | 370 |
| 10. TraveLodge, USA | Chain | 26,000 | 452 | 10. Howard Johnson, USA | Chain | 59,000* | 521* |
| 11. Master Hosts, USA | Chain | 25,000 | 230 | 11. Golden Tulip, Holland | Consortium | 55,000 | 350 |
| 12. Trusthouse Forte, UK | Chain | 20,000 | 225 | 12. Balkantourist, Bulgaria | Chain | 51,443 | 684 |
| 13. Western Int'l, USA | Chain | 20,000 | 60 | 13. Flag Inns, Australia | Consortium | 50,000* | 652* |
| 14. Hilton Int'l, USA | Chain | 16,964 | 53 | 14. Days Inns, USA | Chain | 44,000 | 315 |
| 15. Inter-Continental, USA | Chain | 15,724 | 51 | 15. SRS Hotels, Germany | Consortium | 43,900 | 159 |
| 16. Downtowner, USA | Chain | 14,300* | 95* | 16. Quality Inns, USA | Chain | 41,415 | 350 |
| 17. Superior, USA | Consortium | 13,000* | 375* | 17. HRI, USA | Consortium | 40,000 | 145 |
| 18. Hyatt, USA | Chain | 10,801 | 64 | 18. Club Med, France | Chain | 36,333 | 132 |
| 19. Rodeway Inns, USA | Chain | 10,500* | 84 | 19. Novotel, France | Chain | 35,214 | 283 |
| 20. Intourist, USSR | Chain | 10,200* | 29 | 20. Hyatt Corp. USA | Chain | 34,000 | 58 |

**SWI estimate.*
*Source:* Service World International *(205 E. 42 Street, New York, N.Y. 10017)*

4-12

## INTERNATIONAL HOTEL TRENDS: 1980 VS. 1979

Percentage Variations

| | Percentage of Occupancy | Average Daily Rate per Occupied Room | Total Revenues | Total Operating Costs and Expenses | Total Payroll and Related Costs | Energy Costs |
|---|---|---|---|---|---|---|
| All International Hotels | (2.0)% | 16.4% | 15.0% | 15.8% | 16.0% | 25.9% |
| Canada | (.8)% | 18.7% | 15.3% | 13.0% | 15.1% | 10.6% |
| Mexico | (2.3) | 25.7 | 21.0 | 20.7 | 19.2 | 10.6 |
| South America | (3.0) | 47.1 | 40.8 | 39.6 | 41.9 | 32.0 |
| Central America | (10.1) | 25.4 | 14.3 | 15.5 | 16.5 | 32.8 |
| Caribbean Region | (2.1) | 16.0 | 9.6 | 12.1 | 11.6 | 31.0 |
| Bermuda | 1.5 | 21.6 | 20.6 | 11.8 | 13.6 | 44.7 |
| Europe | (5.3) | 11.6 | 8.1 | 11.8 | 12.9 | 21.3 |
| Africa | 2.1 | 13.7 | 17.3 | 18.2 | 18.4 | 11.1 |
| Middle East | (2.1) | 12.6 | 15.2 | 26.5 | 31.4 | 19.0 |
| Far East | (1.5) | 25.6 | 21.4 | 18.4 | 10.7 | 52.4 |
| Southeast Asia | 6.8 | 18.9 | 30.4 | 28.0 | 21.9 | 44.1 |
| South Asia | (4.1) | 16.5 | 16.5 | 19.5 | 15.2 | 21.7 |
| Oceania | (.3) | 17.3 | 14.2 | 10.2 | 13.1 | 12.3 |

*Source: Pannell Kerr Forster,* Trends in the Hotel Industry, 1980 international Edition.

4-13

## WORLDWIDE LODGING INDUSTRY
## SOURCE AND COMPOSITION OF HOTEL BUSINESS

| | 1976* | 1977* | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| **Source of Business** | | | | | |
| Domestic | 37.5% | 42.5% | 37.4% | 42.8% | 46.1% |
| Foreign | 62.5 | 57.5 | 62.6 | 57.2 | 53.9% |
| **Percentage of Repeat Business** | 36.7% | 37.4% | 35.7% | 38.2% | 40.0% |
| **Composition of Market** | | | | | |
| Government Officials | 5.6% | 5.7% | 5.5% | 6.2% | 6.1% |
| Businessmen | 31.7 | 42.0 | 40.2 | 40.5 | 42.0 |
| Tourists | 41.7 | 35.9 | 33.5 | 30.9 | 30.7 |
| Conference Participants | 10.8 | 12.6 | 10.7 | 12.8 | 10.8 |
| Other | 10.2 | 3.8 | 10.1 | 9.6 | 10.4 |
| **Percentage of Advance Reservations** | 81.2% | 80.6% | 80.8% | 79.3% | 80.0% |
| **Composition of Advance Reservations** | | | | | |
| Direct | 30.7% | 35.5% | 29.9% | 33.1% | 35.3% |
| Reservations Systems | 22.4 | 23.2 | 24.9 | 27.1 | 27.4 |
| Travel Agents & Tour Operators | 34.7 | 30.5 | 32.3 | 28.5 | 27.7 |
| Other | 12.2 | 10.8 | 12.9 | 11.3 | 9.6 |
| **Ratio of Travel Agent Commissions to Room Sales** | 2.4% | 1.6% | 2.2% | 1.8% | 1.8% |

*Note: Data based on arithmetic mean of those supplying data.*
**1976-1977 ratios exclude the U.S.*
*Source: Horwath and Horwath International,* Worldwide Lodging Industry 1981

4-14

## WORLD'S LARGEST HOTEL CHAINS 1980

| Rank | Organization | No. of Rooms | No. of Hotels |
|---|---|---|---|
| 1. | Holiday Inns, Inc. | 303,578 | 1,755 |
| 2. | The Sheraton Corp. | 107,996 | 418 |
| 3. | Ramada Inns | 94,060 | 635 |
| 4. | Trusthouse Forte | 72,299 | 810 |
| 5. | Hilton Corporation | 71,804 | 203 |
| 6. | Howard Johnson Co. | 59,000 | 521 |
| 7. | Balkantourist | 51,443 | 684 |
| 8. | Days Inns of America | 44,000 | 315 |
| 9. | Quality Inns Int'l | 41,415 | 350 |
| 10. | Club Mediterranee | 36,333 | 132 |
| 11. | Novotel SIEH | 35,214 | 283 |
| 12. | Hyatt Corporation | 34,000 | 58 |
| 13. | Marriott Corporation | 33,756 | 82 |
| 14. | Motel 6, Inc. | 32,405 | 305 |
| 15. | Intercontinental Hotels | 30,182 | 81 |
| 16. | Hilton International Co. | 29,485 | 81 |
| 17. | Westin Hotels | 28,786 | 55 |
| 18. | Intourist | 25,000 | 150 |
| 19. | Rodeway Inns | 17,364 | 146 |
| 20. | Hoteles Agrupados S.A. | 14,710 | 27 |
| 21. | CEDOK | 13,860 | 190 |
| 22. | Crest Hotels | 13,430 | 112 |
| 23. | Grand Metropolitan | 12,975 | 67 |
| 24. | Hyatt International | 12,931 | 36 |
| 25. | Balnea | 12,835 | 91 |
| 26. | Iberotels | 12,364 | 28 |
| 27. | Americana Hotels | 12,275 | 39 |
| 28. | Commonwealth Holiday | 12,122 | 57 |
| 29. | La Quinta Motor Inns | 11,729 | 99 |
| 30. | Radisson Hotel Corp. | 11,375 | 39 |
| 31. | Sol Hotels | 11,327 | 54 |
| 32. | Tokyu Hotel Chain | 11,061 | 54 |
| 33. | Red Carpet/ Master Hosts | 11,000 | 94 |
| 34. | Hoteles HUSA | 10,800 | 70 |
| 35. | Canadian Pacific Hotels | 10,300 | 24 |
| 36. | Interhotel DDR | 10,200 | 31 |
| 37. | AIRCOA | 10,000 | 34 |
| 38. | Meridien | 9,540 | 32 |
| 39. | Brock Hotels | 9,225 | 53 |
| 40. | United Inns | 9,023 | 37 |
| 41. | Orbis | 8,820 | 45 |
| 42. | Dunfey Hotels | 8,790 | 22 |
| 43. | AMFAC Resorts & Hotels | 8,700 | 22 |
| 44. | Econo-Travel Motor Hotel | 8,313 | 137 |
| 45. | Prince Hotel Group | 8,297 | 43 |
| 46. | Stouffer Hotels | 7,917 | 23 |
| 47. | Steigenberger Hotels | 7,703 | 39 |
| 48. | American Motor Inns | 7,700 | 54 |
| 49. | Penta Hotels | 7,436 | 16 |
| 50. | PLM | 7,075 | 57 |

*Note: Best Western, USA, listed by SWI as a consortium rather than a chain, reported a total of 207,299 rooms and 2,761 hotels in 1980 (see chart 4-11). This would place it in second position in the world ranking above. Except for direct management or franchise control, Best Western functions as a hotel chain.*

*Source:* Service World International *(205 E. 42 Street, New York, NY. 10017)*

4-15

## NATIONALITY OF HOTEL GUESTS WORLDWIDE

| | Rank | | |
|---|---|---|---|
| | 1980 | 1979 | All Hotels |
| U.S.A. | 1 | 1 | 22.2% |
| British | 2 | 3 | 11.3 |
| German | 3 | 2 | 10.7 |
| Other Europoan | 4 | 5 | 8.4 |
| Scandinavian | 5 | 10 | 6.7 |
| French | 6 | 4 | 6.3 |
| Canadian | 7 | 6 | 6.2 |
| Other Asian | 8 | 8 | 4.3 |
| Middle Eastern | 9 | 11 | 3.9 |
| Japanese | 10 | 9 | 3.9 |
| Mexican | 11 | 7 | 3.3 |
| Italian | 12 | 13 | 3.1 |
| South American | 13 | 14 | 2.8 |
| Australasian | 14 | 12 | 2.6 |
| Other African | 15 | 15 | 2.0 |
| Central American | 16 | 16 | 1.4 |
| North African | 17 | 17 | .9 |

*Source: Horwath & Horwath International,* Worldwide Lodging Industry 1981

4-16

## PERCENTAGE OF U.S. GUESTS IN INTERNATIONAL HOTELS 1980

| | Percent |
|---|---|
| Worldwide, All Hotels | 22.2% |
| Africa | 16.8 |
| Asia | 11.1 |
| Australasia | 12.0 |
| Caribbean | 69.3 |
| Central America | 25.8 |
| Europe | 14.6 |
| Far East | 20.2 |
| Hawaii and Pacific Islands | 31.3 |
| Middle East | 16.3 |
| North America | |
| Canada | 21.6 |
| Mexico | 32.3 |
| United States | 73.1 |
| South America | 19.0 |

*Source: Horwath & Horwath International,* Worldwide Lodging Industry 1981

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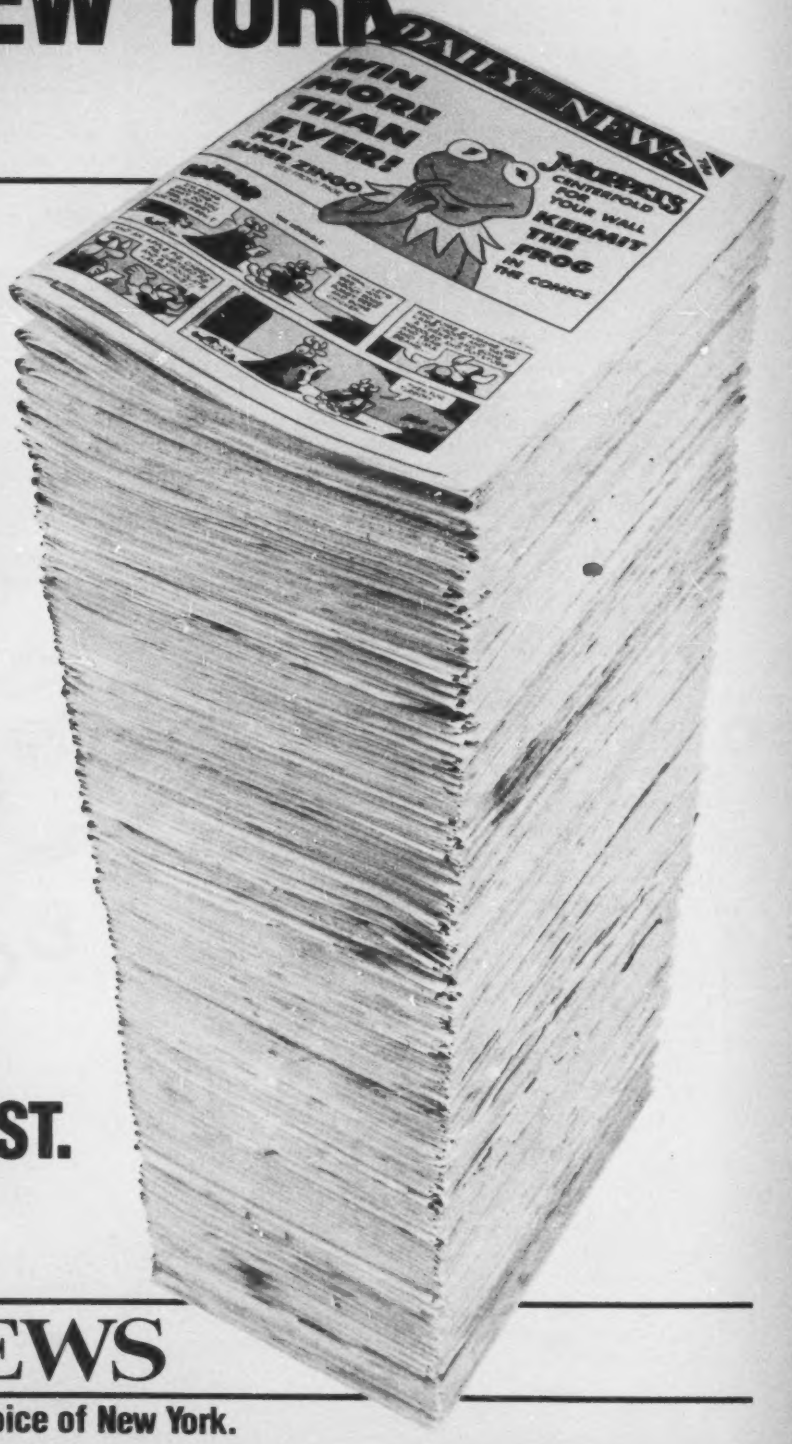


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# TRAVEL SERVICES

## TRAVEL AGENTS

The number of U.S. travel agencies reporting sales through the Air Traffic Conference (ATC) system grew to 17,339 by the end of calendar year 1980, a 7% increase over the total counted in 1979. (5-03) This growth rate remained slower than the 9% to 10% average annual increase demonstrated from 1970 through 1978, but ATC statistics for 1981 show that the pace has picked up again. 18,712 travel agencies were operating by the end of September 1981, about 10% more than the year-earlier count.

Single office locations represented 68% of all agencies in 1980, while branch office locations accounted for 22% of the total. (5-04) Most notable was the growth of in-plant agencies — that is, agencies with branch offices located within corporate organizations — which numbered 12 at the end of 1979, 84 at the end of 1980, and 234 by September 1981. This trend toward expansion in the corporate area reflects retailers' sustained reliance on business travel bookings, particularly in view of a general slowdown in pleasure travel volume.

### Agency Sales Volume

At this point in time, the best available measurement of travel agency dollar volume comes from ATC statistics on airline ticket sales. In 1980, travel agency airline sales hit the $18 billion mark, a 22% hike over 1979 and about six times higher than the $3 billion total posted in 1970. (5-08) The average weekly sales report reached $20,382 in 1980 (up 14%), and overall monthly airline sales topped prior year figures for every month except May. (5-01,5-02)

Airline sales generated by travel agents for the first nine months of 1981 point to another record year. As of the end of September, volume was $15.25 billion or 12% greater than the comparable total for 1980. (5-06) The relatively slow growth rate of 3% during August — along with a corresponding decline in the average weekly sales report for the month — reflects the impact of the PATCO strike on ticket purchases. It is difficult to determine how the strike, in addition to the slow economy, will affect calendar year airline sales, although travel agencies expect the 1981 total to run about $20 billion.

According to the 1978 *Travel Weekly*/Louis Harris study on the character and volume of U.S. travel agencies, gross revenues for all retail bookings were $19.4 billion, with air travel arrangements accounting for 61% of total sales. Although a comprehensive survey has not been conducted since that year, *Travel Weekly* estimates that gross revenues in 1980 were over $25 billion and that those for 1981 should approach $30 billion. These figures lead industry observers to believe that airline sales now generate a greater share of revenues than they did in the past. Air fares alone rose 30% between 1980 and 1981, and they appear to represent an estimated 70% of all agency bookings in dollar terms.

An examination of travel agents who specialize in business travel — an independent survey prepared for *Hotel & Travel Index* by Louis Harris in 1981 — sheds some further light on the breakdown of travel agency sales volume. While the study concentrates on agencies which derive at least 60% of their revenues from business travel bookings, its results on general operations can be applied to many retail outlets. According to the survey, the average commercial agency has a gross dollar volume of $1.65 million annually and relies on business travel to generate 65% of its sales. Pleasure travel accounts for 26% and combined business/pleasure for 9% of the total. (5-10) On the average, 69% of sales are for domestic travel and 31% are for international. Moreover, commercial agencies attribute 73% of their dollar volume to air travel arrangements, with other sources such as cruises (10%), hotels (8%), and car rentals (5%), representing much smaller percentages.

Perhaps the most important findings revealed by the study relate to the rapid increase in the volume and number of corporate accounts handled by travel agencies. 70% of the retailers surveyed reported a rise in the amount of business coming from corporate accounts, and 76% indicated that they had acquired new corporate accounts in the past year. The most significant area of growth was group travel for business purposes, with 40% of agent respondents noting an increase in either meetings, convention, or incentive group bookings.

## Agency Airline Commissions

During 1980 and 1981, agency commissions paid on airline sales continued to increase at a faster rate than the gross dollar volume of air travel bookings. In 1980, commissions from U.S. scheduled airlines were $1.5 billion, 30% over the 1979 total, and reflecting an average compensation rate of 8.9% per transaction. The comparable rate for 1979 was 8.4% . (5-01) Since 1970, airline commissions have more than doubled every five years, and with the move to an open commission regime in 1980, the pace quickened. (5-07) However, other factors such as higher air fares, more travel agencies in operation, and a greater dependency on retailers by the airline industry contributed to the significantly improved commission situation.

Pan American led the domestic carriers in terms of agent payments for all of 1980, spending $262.5 million or 40% more than the combined National/Pan Am outlay for 1979. (5-09) There were also impressive increases in commissions paid by airlines which expanded scheduled operations in 1980, for example — AirCal, Air Florida, Capitol, Piedmont, Transamerica, and World. Overall, agent compensation was up 33% to $1.7 billion (including payments to agents in foreign countries and to other carriers for international interline bookings), and this was during a year in which the major U.S. airlines experienced the worst traffic drop in history.

Commissions for the first nine months of 1981 were consistently higher than 1980 payments and totaled $1.4 billion by the end of September. (5-06) This was a 23% increase over the same period in 1980 and again reflected the effects of higher air fares, better compensation rates, and agency proliferation rather than actual traffic boosts for the airlines. In fact, the average commission rate per transaction hit an all-time high of 9.9% in October 1981, as carriers followed the lead of American Airlines which simplified its commission structure to a 10% across-the-board payment.

## Agency Deregulation

The consistent rise of airline commission payments to travel agencies exemplifies one of the benefits derived from the Civil Aeronautics Board's deregulation of the U.S. airline industry. Despite retailers' initial apprehensions, the open commission system created a competitive atmosphere among carriers which depend on agent-generated sales, and this had a rapid, direct effect on the dollar amount of compensation. However, agents remain uncertain about repercussions stemming from the CAB's latest efforts to relax the rigid structure of airline/agency operations as part of its competitive marketing case.

The Board's enormously complex investigation into the relationship between airlines and travel agencies began over two years ago and finally concluded its first phase in the fall of 1981. At that time, the CAB made a decision on domestic pricing policies which called for the adoption of "tariff flexibility." Under the new plan, carriers are not required to file official tariffs for domestic fares except for the normal coach fare which would serve as a maximum tariff or so-called "ceiling fare." While airlines retain the option to file tariffs for all types of services, they are free to offer unpublished discounts and to make other pricing deals with favored clients. Thus, the system effectively sanctions rebating — that is, the practice by which airlines or travel agents can give special discounts to selected groups or individuals.

In the past, rebates were prohibited by federal law. Now, it is up to each carrier to make separate contractual arrangements with agents in order to prevent this type of discounting. It is also within the airlines' juristiction to specify that agents continue to charge fixed rates for certain fares while the carriers themselves offer rebates. At this point, since the new regime is completely voluntary, and because the PATCO strike has created enough confusion for the traveling public, most airlines are expected to maintain the status quo. TWA has already said that it will require travel agents to adhere to published tariffs, through contract agreements, and major carriers will probably follow suit for the present. Basically, the Board's action was designed to serve as a transitional policy before complete domestic fare deregulation comes about in 1983. The CAB hopes that "tariff flexibility" will stimulate competition without disrupting the current distribution system, though many agents remain wary about the implications of the new freedom on future pricing schemes.

The CAB now moves into hearings on the second major phase of its competitive marketing probe which will determine the status of the ATC and IATA appointment systems. The primary issue at stake is whether or not the conference programs are anti-competitive, particularly with respect to "exclusivity" which has given retailers the "exclusive" right to act as sales agents for the airlines and to be paid commissions. Most observers expect the Board to permit carriers to compensate corporate travel departments and independent outlets like Ticketron, undermining the "exclusivity" rule and putting travel agents in a much more competitive position. A resolution to this part of the case, however, is not likely until later in 1982.

## Consumer Usage of Travel Agencies

While deregulation has caused some concern about travel agents' ability to compete in a crowded marketplace, it has also heightened consumer awareness about the availability and benefits of agency services. Since 1978, when promotional fares boosted airline traffic to record levels, consumers have continued to seek out retailers for advice on the best travel values in terms of transportation, hotel accommodations, car rentals, cruises, and vacation packages.

According to 1979-80 Travel Pulse research, 26% of all trips booked over a 12-month period involved the use of a travel agent.* This represents 82 million trips — up from 68 million the year before — and breaks

*Travel Pulse is a multi-sponsored annual study that tracks changes and trends in consumer behavior that affect the travel market. Produced by Travel and Tourism Consultants International, its findings are based on personal interviews with a sample of 7,000 U.S. adults. The results are nationally projectable. See page 66 for definitions of trip, travelers, and various trip types as they apply to Travel Pulse research.*

down as 48% business, 28% domestic pleasure, 13% international, and 5% personal trips. (5-13) Moreover, the incidence of travel agent usage for booking air and lodging arrangements increased among all types of travelers, as did the reliance upon agents to actually select the airline or hotel involved. (5-11) Among domestic pleasure travelers interviewed by Travel Pulse in March 1980, 74% had used agency services at one time or another, primarily for transportation and hotel reservations. The incidence of travel agent usage was highest among women, affluent travelers, and those over the age of 35. (5-12)

Travel Pulse findings during 1980 also suggested that while nine out of 10 consumers express satisfaction with agency performance and that most travelers are aware of the many services performed by agents, less than half of all travelers realize that agents are not usually paid by individual clients. Given today's economic climate and the current constraints on discretionary income, educating consumers about the availability of agency services should be a top priority for retailers as well as for suppliers who market travel products through the agency distribution network.

## Future Growth

In the years since deregulation began, it has been difficult to assess what the future holds for travel agency businesses. The PATCO strike has complicated matters further, as industry analysts differ on the potential outcome of the situation in the long-term. For the present, however, most agree that automated retail locations — particularly those with lucrative corporate accounts — are in the best position to cope with the changes that lie ahead.

The proliferation of computerized reservations systems in travel agencies has been nothing short of remarkable. Just two years ago, there were about 3,500 automated agencies in the U.S. compared to over 8,000 today. Moreover, with the introduction of multi-access networks that give retailers direct links to several carriers, and with the increased usage of general office accounting systems, travel agents continue to develop more efficient and professional operations. The new capabilities inherent in the automation process should enable travel agents to better serve both suppliers and consumers and to remain active competitors in a challenging market.

### TRAVEL AGENCY SALES STATISTICS 1980

5-01

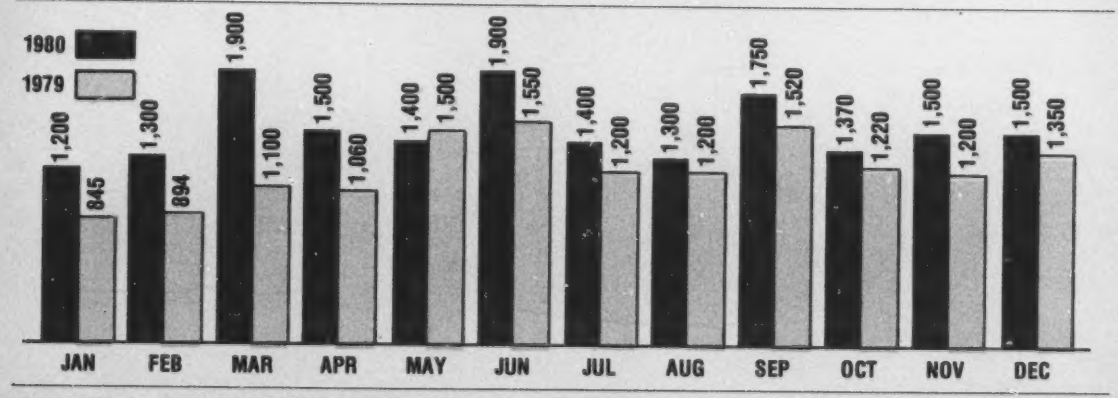
| | 1979 | 1980 | % Change |
|---|---|---|---|
| Air sales reported to ATC | $14.7 billion | $18.0 billion | 22.0 |
| Commissions paid by U.S. airlines | $ 1.2 billion | $ 1.5 billion | 30.0 |
| Average commission per transaction | 8.4% | 8.9% | — |
| Average weekly sales report | $17,874 | $20,382 | 14.0 |
| Gross dollar volume of credit card sales | $ 4.0 billion | $ 5.3 billion | 32.0 |
| Credit card sales as % of total bookings | 27.4% | 29.4% | — |

*Source: Air Traffic Conference*

### TRAVEL AGENCY AIRLINE SALES BY MONTH*

5-02

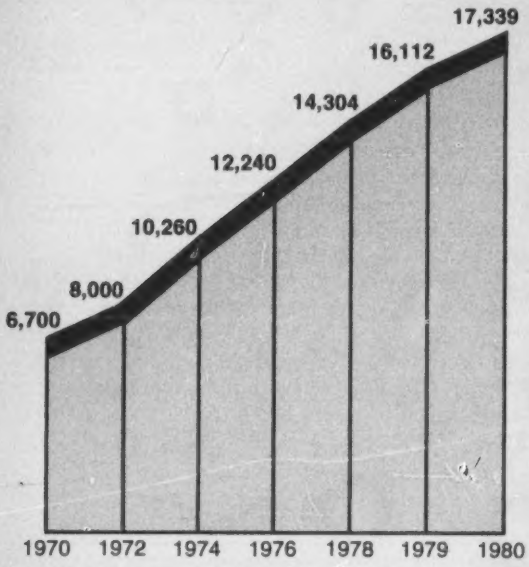
(Millions of Dollars)




*Based on sales reported through the Air Traffic Conference.
*Source: Travel Weekly/Air Traffic Conference*

5-03

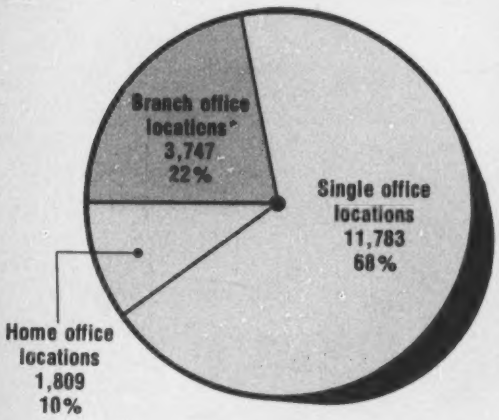
## NUMBER OF TRAVEL AGENCIES 1970-1980




*Source: 1970-1978—Travel Weekly/Louis Harris and Associates*
*1979-1980—Air Traffic Conference*

5-04

## TYPE OF TRAVEL AGENCY LOCATIONS 1980




Total: 17,339 (100%)

*Includes 84 inplant locations versus 12 at the end of 1979.*
*Source: Air Traffic Conference*

5-05

## NUMBER OF TRAVEL AGENCIES BY STATE 1981*

| | 1981 | % Change |
|---|---|---|
| Alabama | 85 | 13.3 |
| Alaska | 64 | 1.9 |
| Arizona | 264 | 13.8 |
| Arkansas | 50 | 8.7 |
| California | 3,700 | 9.1 |
| Colorado | 321 | 15.5 |
| Connecticut | 490 | 2.5 |
| Delaware | 40 | 17.6 |
| District of Columbia | 164 | 7.2 |
| Florida | 1,234 | 6.0 |
| Georgia | 223 | 18.0 |
| Hawaii | 260 | 4.4 |
| Idaho | 42 | — |
| Illinois | 1,179 | 3.9 |
| Indiana | 224 | 1.8 |
| Iowa | 146 | 6.6 |
| Kansas | 110 | 10.0 |
| Kentucky | 78 | 5.4 |
| Louisiana | 141 | 9.3 |
| Maine | 65 | 1.6 |
| Maryland | 229 | 5.0 |
| Massachusetts | 679 | 2.4 |
| Michigan | 541 | 4.2 |
| Minnesota | 295 | 9.3 |
| Mississippi | 51 | 2.0 |
| Missouri | 265 | 8.2 |
| Montana | 55 | 1.9 |
| Nebraska | 62 | — |
| Nevada | 90 | 9.8 |
| New Hampshire | 83 | 2.5 |
| New Jersey | 1,037 | 4.9 |
| New Mexico | 67 | 15.5 |
| New York | 2,699 | – 1.3 |
| North Carolina | 148 | 19.4 |
| North Dakota | 36 | 12.5 |
| Ohio | 556 | 4.5 |
| Oklahoma | 131 | 6.5 |
| Oregon | 235 | 14.6 |
| Pennsylvania | 845 | 2.4 |
| Rhode Island | 104 | 5.1 |
| South Carolina | 64 | 8.5 |
| South Dakota | 28 | — |
| Tennessee | 144 | 9.1 |
| Texas | 922 | 19.4 |
| Utah | 87 | 13.0 |
| Vermont | 41 | 5.1 |
| Virginia | 232 | 15.4 |
| Washington | 421 | 5.3 |
| West Virginia | 34 | –2.9 |
| Wisconsin | 296 | 3.5 |
| Wyoming | 32 | –3.0 |
| **TOTAL** | **19,389** | **6.1** |

**As of August 1981 compared to August 1980.*
*Source:* World Travel Directory

know,
Mexico Pro!

Travel Weekly
THE NATIONAL NEWSPAPER OF THE TRAVEL INDUSTRY
Volume 40 - Number 97
Monday, November 23, 1970
Two issues weekly
Lines Foresee Little Impact From Part-Charter Concept
By JANE LEVERE
NEW YORK — Airline of
CASA DE CAM
LA ROMANA
United Cuts Amenities for Flight Delays
By BILL POLING
WASHINGTON — In a move
Conferees OK Measure to Block Suit on IATA Rate Conferences
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5-06

## TRAVEL AGENCY AIRLINE SALES AND COMMISSIONS 9 MONTHS 1981

**Airline Sales ($ Billions)**

| | 1980 | 1981 | % Change |
|---|---|---|---|
| January | $ 1.20 | $ 1.30 | +10 |
| February | 1.30 | 1.60 | +21 |
| March | 1.90 | 2.10 | +8 |
| April | 1.50 | 1.60 | +7 |
| May | 1.40 | 1.70 | +24 |
| June | 1.90 | 2.10 | +10 |
| July | 1.40 | 1.60 | +12 |
| August | 1.30 | 1.35 | +3 |
| September | 1.75 | 1.90 | +9 |
| Total 9 Months | 13.65 | 15.25 | +12 |

**Airline Commissions ($ Millions)**

| | 1980 | 1981 | % Change |
|---|---|---|---|
| January | $ 93 | $118 | +27 |
| February | 103 | 145 | +40 |
| March | 152 | 190 | +25 |
| April | 118 | 146 | +23 |
| May | 111 | 152 | +37 |
| June | 167 | 186 | +11 |
| July | 123 | 145 | +18 |
| August | 116 | 129 | +11 |
| September | 155 | 184 | +19 |
| Total 9 Months | 1,138 | 1,395 | +23 |

**Average Weekly Sales Report**

| | 1980 | 1981 | % Change |
|---|---|---|---|
| January | $17,992 | $18,005 | — |
| February | 20,133 | 22,725 | +13 |
| March | 23,751 | 22,704 | −4 |
| April | 21,662 | 21,755 | — |
| May | 21,013 | 23,082 | +10 |
| June | 21,977 | 22,071 | — |
| July | 19,289 | 20,215 | +5 |
| August | 20,215 | 17,732 | −12 |
| September | 19,949 | 20,611 | +3 |
| Total 9 Months | 20,665 | 20,989 | +2 |

**Average Commission Rate**

| | 1980 | 1981 | % Change |
|---|---|---|---|
| January | 8.2% | 9.3% | +13 |
| February | 8.5 | 9.3 | +9 |
| March | 8.3 | 9.3 | +12 |
| April | 8.3 | 9.4 | +13 |
| May | 8.6 | 9.3 | +8 |
| June | 9.4 | 9.3 | −1 |
| July | 9.4 | 9.6 | +2 |
| August | 9.3 | 9.8 | +5 |
| September | 8.3 | 9.8 | +5 |
| Total 9 Months | 8.8 | 9.5 | +8 |

*Source: Air Transport Association of America*

5-07

## AGENT COMMISSIONS PAID BY U.S. SCHEDULED AIRLINES 1968-1980

*Source: Air Transport Association of America/Air Traffic Conference*

5-08

## TRAVEL AGENCY AIRLINE SALES 1970-1980

($ Billions)

*Source: 1970-1979–Travel Weekly/Louis Harris and Associates*
*1979-1980–Air Traffic Conference*

5-09

## AGENT COMMISSIONS PAID BY MAJOR U.S. AIRLINES 1980

| Carrier | 1979 | 1980 | % Change |
|---|---|---|---|
| **AirCal** | | | |
| System | $ 4,397,489 | $ 7,709,942 | 75.3 |
| **Air Florida** | | | |
| System | 1,747,039 | 6,644,602 | 280.3 |
| **American** | | | |
| Domestic | 112,662,000 | 147,509,000 | 30.9 |
| Latin | 25,774,000 | 28,900,000 | 12.1 |
| System | 138,436,000 | 176,409,000 | 27.4 |
| **Braniff** | | | |
| Domestic | 34,369,497 | 52,375,000 | 52.4 |
| Latin | 21,052,808 | 26,354,000 | 25.2 |
| Atlantic | 10,262,389 | 11,885,000 | 15.8 |
| Pacific | 1,719,970 | 2,976,000 | 73.0 |
| System | 67,404,664 | 93,591,000 | 38.8 |
| **Capitol** | | | |
| System | 1,395,497 | 7,699,705 | 451.8 |
| **Continental** | | | |
| Domestic | 36,638,385 | 46,139,834 | 25.9 |
| Latin | 79,760 | 280,917 | 252.2 |
| Pacific | 8,714,221 | 8,199,402 | (5.9) |
| System | 45,432,286 | 54,606,353 | 20.2 |
| **Delta** | | | |
| Domestic | 88,823,029 | 138,393,000 | 55.8 |
| Latin | 2,382,972 | 2,583,000 | 8.4 |
| Atlantic | 1,729,981 | 3,482,000 | 101.3 |
| System | 92,935,982 | 141,458,000 | 52.2 |
| **Eastern** | | | |
| Domestic | 96,817,358 | 128,734,282 | 33.0 |
| Latin | 23,053,811 | 28,594,339 | 24.0 |
| System | 119,871,167 | 157,328,661 | 31.2 |
| **Frontier** | | | |
| System | 16,281,099 | 28,212,034 | 73.3 |
| **Northwest** | | | |
| Domestic | 51,515,241 | 67,770,000 | 31.5 |
| Atlantic | 1,523,156 | 11,406,000 | 648.8 |
| Pacific | 40,836,190 | 55,864,000 | 36.8 |
| System | 93,874,587 | 135,040,000 | 43.9 |
| **Ozark** | | | |
| System | 7,776,851 | 12,275,175 | 57.9 |
| **PSA** | | | |
| System | 10,121,500 | 11,101,900 | 9.7 |
| **Pan Am*** | | | |
| Domestic | 41,111,000 | 40,188,000 | (2.2) |
| Latin | 34,963,000 | 41,568,000 | 18.9 |
| Atlantic | 79,085,000 | 97,851,000 | 23.7 |
| Pacific | 20,574,000 | 82,939,000 | 17.9 |
| System | 225,733,000 | 262,546,000 | 40.3 |
| **Piedmont** | | | |
| System | 8,445,744 | 15,543,656 | 84.0 |
| **Republic*** | | | |
| System | 36,379,527 | 38,348,000 | 5.4 |
| **Texas International** | | | |
| System | 8,224,969 | 11,812,632 | 43.6 |
| **Transamerica** | | | |
| System | 2,810,088 | 4,979,282 | 77.2 |
| **TWA** | | | |
| Domestic | 81,981,386 | 108,611,612 | 32.5 |
| Atlantic | 59,969,453 | 69,901,579 | 16.6 |
| System | 141,950,839 | 178,513,191 | 25.7 |
| **USAir** | | | |
| System | 27,332,000 | 45,403,000 | 66.1 |
| **United** | | | |
| System | 166,164,193 | 230,781,997 | 38.9 |
| **Western** | | | |
| Domestic | 44,469,016 | 51,631,767 | 16.1 |
| Latin | 3,654,594 | 5,568,819 | 52.4 |
| Atlantic | — | 192,681 | — |
| System | 48,123,610 | 57,393,267 | 19.3 |
| **World** | | | |
| System | 542,978 | 6,793,250 | 1,151.1 |
| **TOTAL:** | $1,265,381,109 | $1,684,182,898 | 33.1 |

**Note–Pan Am's 1979 figure includes data for National Airlines which merged with Pan Am in 1980. Similarly, figures for Republic include Hughes Airwest which became Republic Airlines West in 1980. Also note that 1979 figures for Republic, United, and World are affected by strikes, as are Ozark's figures for both years and PSA's for 1980.*
*Source:* Travel Weekly

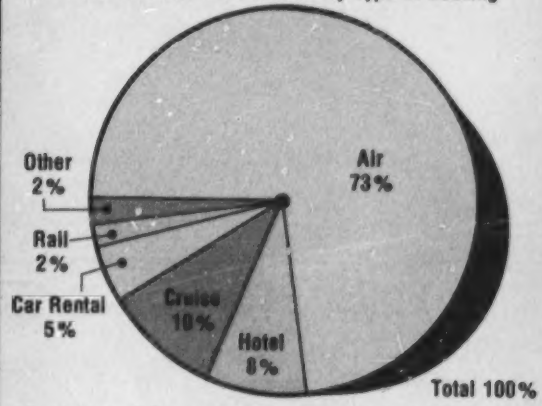
5-10

## TRAVEL AGENTS WHO SPECIALIZE IN BUSINESS TRAVEL*

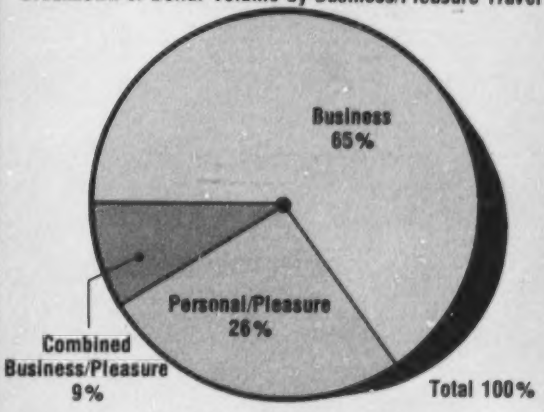
Sources of Total Dollar Volume

**Average agency's gross dollar volume (FY 1981) .....$1.65 million**

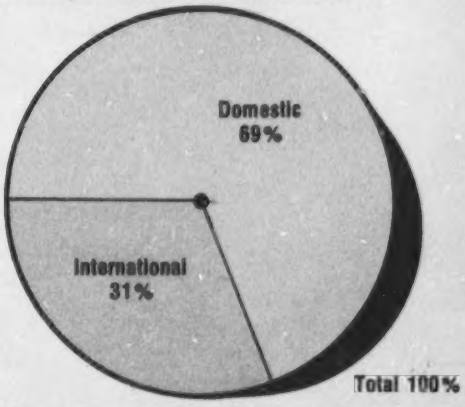
**Breakdown of Dollar Volume by Type of Booking**




**Breakdown of Dollar Volume by Business/Pleasure Travel**




**Breakdown of Dollar Volume by Domestic/International Travel**




**Business travel is defined as bookings made for corporate accounts, independent business travelers, and groups traveling to business meetings, conventions, and on incentive trips. To qualify as a business travel specialist, at least 60% of the agents' total dollar volume must come from business travel bookings.*
*Source:* Hotel & Travel Index/*The National Center for Telephone Research, Louis Harris Associates*

5-11

## USE OF A TRAVEL AGENT FOR AIR AND LODGING RESERVATIONS

(By Traveler Type)*

| | Air Travel | | Lodging | |
|---|---|---|---|---|
| | 1978-79 | 1979-80 | 1978-79 | 1979-80 |
| | % | % | % | % |
| **Domestic Pleasure** | | | | |
| Agent booked | 40 | 51 | 17 | 28 |
| Agent selected | 26 | 41 | 9 | 20 |
| **Domestic Business** | | | | |
| Agent booked | 37 | 53 | 14 | 22 |
| Agent selected | 25 | 43 | 10 | 13 |
| **International** | | | | |
| Agent booked | 69 | 5 | 61 | 69 |
| Agent selected | 51 | 62 | 44 | 55 |

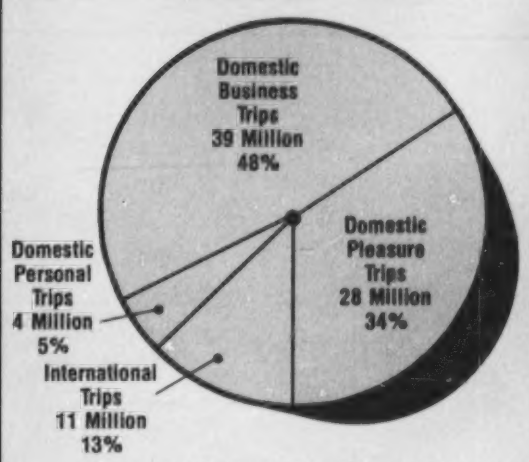
*Based on users of travel agent services who booked fully/partially in advance. See page 66 for definitions of traveler types as they apply to Travel Pulse research.

Source: Travel Pulse Research Service 1979-80

5-13

## TRIPS INVOLVING USE OF TRAVEL AGENT

(By Trip Type)*


Domestic Business Trips 39 Million 48%
Domestic Pleasure Trips 28 Million 34%
Domestic Personal Trips 4 Million 5%
International Trips 11 Million 13%

Total Travel Agent Trips: 82 Million (100%)**

*See page 66 for definitions of trip types as they apply to Travel Pulse research.

** The 82 million trips involving travel agent usage represent 26% of the 316 million trips recorded in 1979-80 by Travel Pulse Research Service.

Source: Travel Pulse Research Service 1979-80

5-12

## DOMESTIC PLEASURE TRAVELER USAGE OF TRAVEL AGENTS*

| | Total | Male | Female | Age 18-34 | Age 35-54 | Age 55 and over | Income Under $25,000 | Income $25,000 and over |
|---|---|---|---|---|---|---|---|---|
| **% used a travel agent** | 74 | 71 | 77 | 62 | 80 | 74 | 70 | 76 |
| | (100) % | (100) % | (100) % | (100) % | (100) % | (100) % | (100) % | (100) % |
| **RESERVATIONS** | | | | | | | | |
| Transportation | 96 | 98 | 95 | 95 | 97 | 99 | 96 | 96 |
| Accommodations | 86 | 86 | 86 | 89 | 89 | 78 | 81 | 90 |
| Car Rental | 26 | 23 | 28 | 24 | 27 | 25 | 25 | 29 |
| Tickets to local events | 9 | 4 | 13 | 6 | 12 | 7 | 10 | 10 |
| Provided maps | 9 | 6 | 11 | 11 | 10 | 7 | 8 | 9 |
| **ADVICE** | | | | | | | | |
| Helped select airline | 53 | 47 | 57 | 52 | 51 | 58 | 48 | 58 |
| Helped select hotel | 44 | 37 | 49 | 41 | 45 | 45 | 35 | 50 |
| Best rates on transportation/ accommodations | 41 | 33 | 47 | 51 | 43 | 29 | 27 | 48 |
| Provided information on destinations | 29 | 20 | 35 | 29 | 33 | 21 | 21 | 34 |

*Based on responses of past year domestic pleasure travelers who had taken a trip of 100 miles or more which included air fare or paid accommodations.

Source: Travel Pulse Research Service, August 1980

## CREDIT CARDS AND TRAVELER'S CHECKS

After a year of turmoil, the credit card industry began to recover in 1981 although the basic problems of restrictive regulations and the cost of extending credit still persisted. The bank cards, particularly, still shoulder a large interest burden on receivables which does not cover their own costs. Estimates by *The Nilson Report*, an industry newsletter, put total domestic credit card dollar volume in 1980 at $187.5 billion which was projected to rise some 14% to $213.6 in 1981. (5-14) Retail card charge purchases, traditionally the largest single chunk of credit spending, will probably be outdistanced by bank card dollar volume which is expected to spurt in the next few years as additional department stores and retail chains accept bank cards. Travel and entertainment cards, while only third in total charge volume, produced the largest average transaction amount. (5-14)

### Bank Card Statistics

The 1980 year-end figures for the major bank-card operations reflect the financial disturbances and uncertainties of the year. Rocked by credit card controls in the spring, soaring interest rates, and the general economic downturn, the major bank card payment systems turned in a generally poor year in their domestic operations. The combined gross dollar volume of both Visa and MasterCard in their U.S. operations was $52.9 billion in 1980, fractionally lower than the $53.5 billion the previous year, but a greater loss in real dollars if adjusted for inflation. Their combined active accounts were down by almost 2% and their 120.3 million cardholders were less than 1% higher than the previous year's number. Considered separately, Visa's domestic figures showed a very slight increase — 1.6% in gross dollar volume and 1.7% in cardholders — while MasterCard's dollar volume was down by almost 3% and cardholders by 1.2%. (5-16)

By contrast with this sluggish domestic situation, bank card use abroad increased. Gross dollar volume on both cards outside of the U.S. almost doubled between 1979 and 1980. Worldwide totals, which include both domestic and non-U.S. figures, showed a 14% rise in gross dollar volume and a 7% rise in cardholders to reach over 168 million in 1980. (5-18)

In the race between the two leading payment systems, Visa appears to have widened its lead. Its U.S. gross dollar volume of $28.3 billion in 1980 exceeded MasterCard's by 15% and its 64.6 million cardholders were 16% more than the number claimed by MasterCard. Worldwide figures reflect similar proportions: 15% higher in international volume and 14% in total cardholders. (5-16,5-18)

During 1981, both systems reported increases in gross dollar volume in the United States, particularly in comparison with the second and third quarters of last year which bore the brunt of the credit restrictions. Despite the improvement, however, the rate of growth in the U.S. has been declining in the last few years and the financial problems of the bank card industry continued to be serious. To counter declining profitability from domestic bank card operations, many banks introduced annual card fees which, however, encountered some consumer resistance, and also raised interest charges. New advanced technology programs were launched to curb credit abuses and fraud which were estimated to have cost the industry $1 billion in 1980. Additionally, both systems launched new premium cards to allow their member banks to offer a broader range of consumer financial services.

Outside of the United States, the cards registered dramatic increases in 1981. Visa alone was projecting close to $55 billion in worldwide sales (including the U.S.) for 1981, surpassing the 1980 figure by approximately 27%. Not only do the international cards hold the largest potential for expansion but they also carry a heavier proportion of travel and entertainment expenditures on them than do domestic cards. In many parts of the world they are regarded as travel and entertainment cards and payment terms are structured as such.

### Travel and Entertainment Cards

Additional competition shaped up in the travel and entertainment market as Visa and MasterCard prepared to challenge the dominant American Express position with new premium bank cards. Focused on groups with higher credit needs and substantial means, this market is essentially affluent and upscale as compared with the mass market served by the bank cards. Travel and entertainment cards, available to selected customers at an annual fee, generally carry an almost unlimited credit line but offer no revolving credit. Bank cards have a smaller preset credit limit but do offer revolving credit. Distinctions between the two types have blurred increasingly, however, with the introduction of annual fees for some bank cards and the introduction of a revolving credit feature in the American Express Gold Card.

American Express, the leading issuer of travel and entertainment cards, counted 12.5 million members worldwide, of which 9.7 million were U.S. members, at the end of the third quarter of 1981. The worldwide total included 1.6 million Gold Cardholders, 21% more than last year. In the first nine months of the year, charge volume was up 25%.

The two other travel and entertainment companies, Diners Club and Carte Blanche, have had only limited success thus far. At the end of 1980, Carte Blanche membership worldwide was approximately 900,000 and estimates of Diners Club membership ranged variously from 3 to 4 million which some observers consider to be overstated. Both are now under Citicorp control, however, and together they may provide a springboard for new expansion, particularly with Diners Club strong overseas base.

With their new premium bank cards, both Visa and MasterCard are hoping to capture some of the travel and entertainment spending that so far has eluded them on their regular bank cards. The MasterCard version introduced in July and the Visa card to appear early in 1982 offer much higher spending limits than their regular bank cards plus attractive packages of special services. Although both networks expect to

compete directly against American Express for a share of the affluent business and frequent traveler market, the MasterCard entry has been positioned somewhat differently, geared to growth in personal card use as well.

## Traveler's Checks

In 1980 traveler's check sales worldwide were estimated at approximately $34 billion. Through October 1981, sales of U.S. dollar-denominated traveler's checks increased 7.5% over the same period in the preceding year. For the full year they were expected to be in the neighborhood of $37 million. Since only Visa of all the check issuers releases dollar figures, the actual size and growth of the market can only be approximated. All estimates quoted in this section were supplied by Jack W. Cox, Ph.D., a specialist in payment mechanisms. In his view, both years saw rather sluggish growth compared with earlier years.

Despite inroads by new contenders, American Express maintained its long-standing dominance. With sales estimated at $15.5 billion (including french franc traveler's check sales made by the newly organized French consortium), it accounted for approximately 46% of worldwide check sales in 1980. (5-15,5-17) Preliminary indications for 1981 point to sales of approximately $16.5 billion. Tacitly acknowledging the new competition, it has broadened its services for individuals whose checks have been lost or stolen. American Express moved aggressively in Europe, its fastest growing market, concluding a joint venture with a consortium of four French banks, announcing plans for a joint venture with Lloyd's of England, and negotiating with a group of German banks for check sales

Other leading check sellers were Citicorp with an estimated $5 billion worth of sales in 1980, projected to remain about the same in 1981, Bank of America with $4.5 billion, projected to rise by about 5%, and Thomas Cook with $3.7 billion, probably rising by almost 4%. The Visa check system, first marketed at the end of 1979 generated $2.3 billion in sales in 1980 and projected close to $4 billion in 1981. Although still a newcomer, Visa expects to surpass some of the other issuers in the near future.

American Express still remains the dominant brand carried by travelers but it faces intensified competition from the other issuers. As a Travel Pulse research survey in 1979-1980 pointed out, users of traveler's checks are more upscale and considerably older than both travelers generally and the overall population. Despite recent sluggishness in check sales, this is an attractive long-term market because it focuses on people who are likely to continue spending money for services and for travel. For American Express alone, the "float" generated by their purchases was estimated at about $2.9 billion in 1981. This interest-free money held by the issuers until the traveler's checks are cashed — usually averaging between 45 and 60 days — has yielded handsome profits especially recently when invested in high-yield, short-term money market instruments. With such stakes involved all of the companies can be expected to broaden their activities domestically and abroad and to provide a fuller range of benefits and services.

5-14

### CREDIT CARD SPENDING IN THE U.S.

**Average Transaction Amount**

| | 1980 | 1981* | 1982* |
|---|---|---|---|
| Retail Cards | $34.50 | $38.00 | $39.80 |
| Bank Cards | 38.56 | 43.40 | 48.39 |
| Petroleum Cards | 18.53 | 19.90 | 21.00 |
| T&E Cards | 83.89 | 86.70 | 93.16 |
| Other | 101.77 | 110.00 | 120.00 |

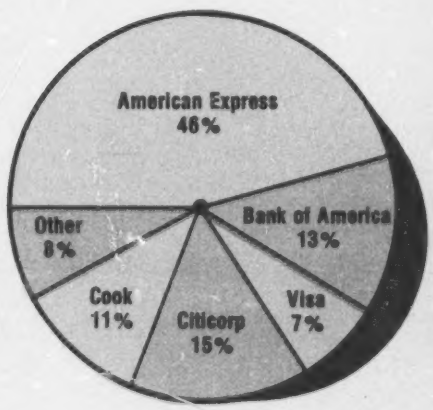
**Total Credit Card Charge Volume ($Billions)**

| | 1980 | 1981* | 1982* |
|---|---|---|---|
| Retail Cards | $57.3 | $59.4 | 62.9 |
| Bank Cards | 49.0 | 67.3 | 83.2 |
| Petroleum Cards | 27.8 | 26.1 | 29.4 |
| T&E Cards | 40.3 | 47.7 | 54.0 |
| Other | 13.2 | 13.2 | 12.6 |
| Total | $187.5 | $213.6 | $242.1 |

*Projected
Source: Estimates by The Nilson Report, September 1981

5-15

### WORLDWIDE TRAVELER'S CHECK SALES*




*Based on estimated 1980 dollar sales data.
Source: AECS Ltd., American Express Notebook by Jack W. Cox, Ph.D.

# YES! I WANT TO KNOW MORE ABOUT THE ZIFF-DAVIS TRAVEL AGENCY MAILING LIST:

☐ Please send me more information about your list along with a current rate card and order form.

T082

☐ Please have a salesperson contact me.

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

TELEPHONE _____

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

**BUSINESS REPLY MAIL**
First Class Permit No. 3838, New York, New York

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**Ziff-Davis Travel Agency Mailing List**
Attn: Graciela Li
One Park Avenue, Room 320
New York, New York 10016

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**Ziff-Davis Travel Agency Mailing List**

One Park Avenue, Room 320
New York, New York 10016
(212) 725-3681

5-16

## DOMESTIC BANK CARD STATISTICS

| | MasterCard | | | | Visa | | | |
|---|---|---|---|---|---|---|---|---|
| | Year End 1979[1] | Year End 1980 | % Change | 1981 First Half | Year End 1979 | Year End 1980 | % Change | 1981 First Half |
| Participating Financial Institutions | 11,421 | 12,169 | +6.6 | 12,410 | 11,385 | 11,930 | +4.8 | 12,274 |
| Number of Offices[2] | 34,474 | 38,309 | +11.1 | 39,319[1] | 40,098 | 42,468 | +5.9 | 44,543 |
| Merchant Outlets[2] | 2,055,644 | 2,235,870 | +8.8 | 1,993,270[1] | 1,936,000 | 1,866,000 | −3.6 | 1,820,000 |
| Cardholders[2] | 56,339,973 | 55,655,532 | −1.2 | 53,687,774[1] | 63,528,000 | 64,586,000 | +1.7 | 64,825,000 |
| Total Accounts | 34,404,489 | 35,340,804 | +2.7 | 33,497,323 | 40,986,000 | 41,668,600 | +1.7 | 41,823,000 |
| Active Accounts [3] [4] | 24,096,610 | 24,161,817 | +0.3 | 22,715,558 | 26,477,700 | 25,459,500 | −3.8 | 25,595,000 |
| Gross Dollar Vol. | $25.4 billion | $24.6 billion | −2.9 | $12.0 billion | $27.9 billion | $28.3 billion | +1.6 | $14.8 billion |
| Retail Sales Vol. | $23.1 billion | $22.7 billion | −1.4 | $11.2 billion | $25.3 billion | $26.1 billion | +3.1 | $13.4 billion |
| Cash Advance Vol. | $2.3 billion | $1.9 billion | −18.3 | $882 million | $2.6 billion | $2.3 billion | −12.7 | $1.3 billion |
| Outstandings[3] | $11.4 billion | $12.0 billion | +4.6 | $11.2 billion | $13.1 billion | $13.2 billion | +0.6 | $13.1 billion |

*Note: Dollar figures have been rounded but percentages were computed from the original whole numbers.*
[1]*Adjusted figures.*
[2]*Estimated.*
[3]*As of December 31 for 1979 and 1980; as of June 30, 1981 for first half.*
[4]*Accounts with outstanding balances.*
*Source: Reprinted by American Bankers Association from data submitted by Mastercard International and Visa U.S.A.*

5-17

## AMERICAN EXPRESS TRAVELERS CHEQUE OPERATIONS 1972-1981

| | Outstandings | Sales | |
|---|---|---|---|
| Year | $ Bil. | $ Bil. | Millions of Items |
| 1972 | $1.0 | $ 5.8 | 235 |
| 1973 | 1.1 | 6.6 | 260 |
| 1974 | 1.2 | 7.3 | 280 |
| 1975 | 1.4 | 8.4 | 300 |
| 1976 | 1.7 | 10.0 | 330 |
| 1977 | 1.9 | 11.3 | 360 |
| 1978 | 2.1 | 12.7 | 380 |
| 1979 | 2.3 | 14.1 | 430 |
| 1980 | 2.4 | 15.2 | 440 |
| 1981(f) | 2.6 | 16.5 | 455 |

*(f) forecast*
*Source: AECS Ltd.,* American Express Notebook *by Jack W. Cox, Ph. D.*

5-18

## WORLDWIDE STATISTICS: MASTERCARD AND VISA

| | 1979 | 1980 | 1981 First Half |
|---|---|---|---|
| Cardholders (mil.) | 72.5 | 78.5 | 78.3 |
| Gross Dollar Volume (bil.) | $32.9 | $37.7 | $19.2 |
| Cardholders (mil.) | 84.1 | 89.6 | 92.1 |
| Gross Dollar Volume (bil.) | $38.0 | $43.4 | $23.6 |

*Note: Includes domestic U.S. figures.*
*Source: Interbank Card Association and Visa International*

# SELECTED SPECIAL MARKETS

## CASINO GAMBLING

1980 was another growth year for the nation's casino gambling industry, although economic troubles had a moderating effect on overall revenue results. Nevada casinos posted a win of $2.4 billion for the year, a 12% rise which fell short of 1979's 15% advance and well below 1978's increase of 21.5%. (6-04) At the same time, Atlantic City registered a $642 million win — up 97% over 1979 — and brought the U.S. gaming total to over $3 billion, or 23% higher than the previous year. (6-01)

A look at the growth of U.S. casino revenues since 1978 shows the extent to which Atlantic City has been a factor in the industry's success. (6-02) This trend should be reflected again in 1981, for while gaming activity during the first part of the year suggested some moderation in Nevada's results, Atlantic City's eight casinos (nine by year's end) look forward to a record $1 billion win. This would boost nationwide gambling revenues to $3.7 billion, another 23% increase. (6-01) It is worth noting, however, that the PATCO strike, coupled with an unexpected downturn in the economy during the last half of 1981, could have a more negative impact on the market than current forecasts indicate.

### Las Vegas

In 1980, the city of Las Vegas hosted 11.9 million visitors, 2% more than the total reported in 1979. (6-08) Nonetheless, average hotel and motel occupancy rates were down significantly compared to the previous year — hotels falling from 87% to 83% and motels from 72% and 68% — although overall levels remained above the national percentage for every month except June. (6-11) Statistics for the first half of 1981, however, demonstrate some declines, both in terms of visitor volume and occupancy levels. A 4.7% decrease in arrivals during the first quarter was followed by a slight 1.7% rise in the second. (6-05) This weakness was reflected in occupancy rates which ran lower than comparable 1980 figures from January through April. (6-10)

The Marketing Department of the Las Vegas Convention/Visitors Authority cites several factors responsible for the sluggish market: fewer passengers on both scheduled and charter carriers flying into Las Vegas; the MGM Grand and Hilton hotel fires; a drop in convention attendance in the first quarter; high unemployment in various key markets for Las Vegas; inflationary trends causing increased competition for discretionary travel dollars; and a general uncertainty among consumers which has resulted in the cancellation or postponement of travel plans. Still, the Authority looks forward to another modest (1% or 2%) growth in arrivals for the year and an average occupancy rate of about 80%.

Despite the slowdown in visitor volume, Las Vegas witnessed a 15% increase in total dollar revenue (including gaming) for calendar year 1980. Over $4.7 billion was spent by conventioneers ($75 per day excluding gaming) and tourists ($60 per day excluding gaming). (6-06) While gaming revenues for Clark County rose 13%, hitting the $1.6 billion mark in 1980 (6-04), data released by the Nevada State Gaming Control Board shows a 2% decline for the first quarter of 1981 followed by a 10% increase for the second. It is too soon to tell how the initial decrease

may affect the 11% gaming revenue growth rate projected for the calendar year, although it seems likely that Clark County will come close to the $1.76 billion level forecast earlier in 1981. (6-01)

Ironically, the tourism slump evidenced in 1981 came during the year in which Las Vegas celebrated the golden anniversary of legalized gambling in the state of Nevada. Fifty years ago, Las Vegas had a population of under 6,000 people. Today, the city has over 46,000 hotel and motel rooms and is anticipating the count to reach 55,000 by 1984. Moreover, its convention industry welcomes 650,000 delegates per year, and the city's commitment to growth in this area has been affirmed by a $50 million improvement of convention facilities scheduled to take place over the next 10 years. Thus, despite a temporary setback, Las Vegas is counting on a rebound, as marketers remain optimistic about 1982 and beyond.

## Reno/Lake Tahoe

1980 may not have been a banner year for Las Vegas, but business was considerably worse in the Reno/Lake Tahoe area of northern Nevada. Automobile arrivals — which account for about 80% of all visitors — dropped 8% from already low levels set in 1979, while air arrivals fell 13% under prior year totals. (6-07) Occupancy rates at downtown Reno hotels demonstrated traditional seasonal fluctuations, but they indicated little improvement over those recorded in 1979. (6-09)

Figures for the first half of 1981 document sustained weakness, with air traffic alone down by 5% compared to the first six months of 1980. (6-07) However, a slight pick-up in automobile arrivals — probably due to more plentiful gasoline at stable prices — appears to have had a positive impact on hotel occupancy levels for the period. (6-09) Within the last two years, the number of hotel rooms in Reno has doubled to 6,000, and plans to expand the count by 50% within the next two years have put pressure on lodging facilities to attract more overnight guests.

As for gaming revenues, the Reno area posted a win of $457 million in 1980, reflecting an 8% rise over 1979. This rate of increase still lagged behind Las Vegas, which raised revenues 13% for the year. (6-04) Since 1970, Reno has recorded an average annual growth rate of 15% in gaming revenues, while Las Vegas has registered a comparable figure of 17%. Projections for 1981 call for Reno to raise the win total to $500 million, a 9% increase over 1980. (6-01) As of mid-year, the city boasted a 10% revenue hike for the first quarter and a 14% jump for the second.

According to the Reno Convention Authority, Reno's future as a tourist destination depends heavily on the area's ability to attract more air arrivals. Since an initial surge of new airline service in 1978, scheduled operations into Reno have fallen off dramatically. At this point, only 10% to 15% of Reno's visitors travel by air, compared to 43% of Las Vegas' tourists. In an attempt to improve the situation, a new tourism unit has been created by the Convention Authority. Mandated to develop a group marketing effort among individual properties, the bureau will try to promote Reno on a nationwide basis. Key targets include the Southeast, Southwest, and Hawaii, in addition to the Pacific Northwest.

## Atlantic City

While 1980 found Nevada gambling resorts struggling to maintain visitor counts, Atlantic City exceeded forecasters' expectations and welcomed close to 14 million arrivals, a 46% boost over the 1979 total. Air travelers still represented the smallest portion of the total and showed no improvement over 1979, but automobile, charter bus, and line bus passengers more than made up the difference. (6-03) The New Jersey Expressway Authority's estimates for 1981 visitor traffic anticipate an even stronger year, with a doubling of air arrivals and an 82% increase in charter bus passengers helping to bring the overall visitor count to 18 million.

1980 gaming revenues for Atlantic City also hit a higher level than was originally forecast, and the $642 million win posted for the year should be followed by a $1.1 billion total in 1981. (6-01) However, despite the fact that the city's eight casinos brought in some $4 million a day in 1981, bottom-line figures suggested a money-losing year for most properties. Though the poor results were traced to a difficult off-season climate and a slow economy, they stemmed primarily from increased competition — the number of casinos in operation having doubled since 1980.

Thus, Atlantic City faces a number of problems in 1982, as individual casinos battle for bigger shares of the market. Several companies have already cancelled or postponed plans to build properties in Atlantic City, and those that remain intend to launch strong promotional campaigns to stay in the black. There is little doubt that success in the future rests with the development of marketing programs to lure convention business during the off-season and more overnight visitors on an annual basis. Like Reno, the city needs to become a nationally recognized vacation destination, not simply a stopover for "day-trippers."

The Atlantic City Casino and Hotel Association has already admitted that the area has an "image" problem. However, careful planning in terms of upgrading existing tourist facilities and creating new ones could turn things around. Redevelopment programs — including the expansion of inner-city transportation systems and the modernization of boardwalk and beach areas — are currently in the works, as Atlantic City hopes to attract close to 20 million visitors annually by the mid-1980s. In addition, an inventory of over 10,000 hotel rooms by the end of 1981 should put Atlantic City in a better position to become a viable convention market.

## Looking Ahead

Like all markets dependent upon consumers' discretionary income, casino gambling resorts anticipate many changes ahead. Clearly, there is a strong interest in gaming among the American public. In fact, a New Jersey research firm, R.H. Brushkin Associates, launched a study in May 1981 which identified over 10% of the U.S. adult population as intending to take a gambling vacation within the next 12 months. These results suggest that the market has tremendous potential. The realization of this potential — and sustained growth in the years to come — is linked to the continued development of casino gambling sites as complete vacation destinations.

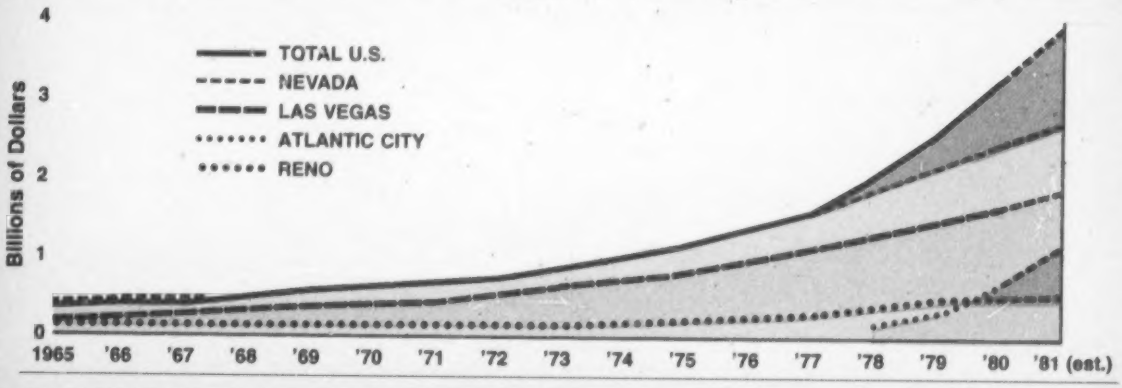
6-01

## UNITED STATES GAMING WIN 1970-1981
(Millions of Dollars)

| | Clark County (Las Vegas) | Washoe County (Reno & North Tahoe) | Total Nevada | Atlantic City | Total United States |
|---|---|---|---|---|---|
| 1970 | $ 369 | $116 | $ 575 | — | $ 575 |
| 1971 | 399 | 133 | 633 | — | 633 |
| 1972 | 476 | 138 | 731 | — | 731 |
| 1973 | 588 | 159 | 859 | — | 859 |
| 1974 | 685 | 170 | 1,004 | — | 1,004 |
| 1975 | 770 | 193 | 1,126 | — | 1,126 |
| 1976 | 846 | 230 | 1,262 | — | 1,262 |
| 1977 | 1,016 | 280 | 1,519 | — | 1,519 |
| 1978 | 1,236 | 368 | 1,846 | $ 134 | 1,980 |
| 1979 | 1,424 | 423 | 2,120 | 325 | 2,445 |
| 1980 | 1,605 | 457 | 2,369 | 642 | 3,011 |
| 1981 (estimated) | 1,765 | 500 | 2,620 | 1,100 | 3,720 |
| **Annual Growth Rate** | | | | | |
| 1978/77 | 21.7% | 31.1% | 21.5% | — | 30.4% |
| 1979/78 | 15.2 | 14.9 | 14.8 | 143.0% | 23.5 |
| 1980/79 | 12.7 | 8.0 | 11.8 | 97.5 | 23.2 |
| 1981/80 | 11.0 | 9.4 | 10.6 | 71.3 | 23.5 |
| 1980/70 | 16.9 | 14.7 | 15.2 | n.a. | 18.0 |

*Source: Dean Witter Reynolds Inc., Gaming Abstracts, March 1981*

6-02




*Source: Dean Witter Reynolds, Inc., Gaming Abstracts, March 1981*

6-03

## VISITORS TO ATLANTIC CITY BY MODE OF TRANSPORTATION

| | 1978 | 1979 | 1980 | 1981* | Percent Increase 1978-80 |
|---|---|---|---|---|---|
| Automobile | 6,445,132 | 7,909,313 | 9,891,580 | 11,000,000 | 56% |
| Charter Bus | 200,000 | 1,000,000 | 3,298,228 | 6,000,000 | 1549% |
| Line Bus | 352,609 | 536,250 | 612,998 | 950,000 | 74% |
| Air | 10,000 | 20,000 | 20,000 | 50,000 | 100% |
| **TOTALS** | **7,007,741** | **9,465,563** | **13,822,806** | **18,000,000** | **97%** |

**Estimated*
*Source: New Jersey Expressway Authority*

6-04

## NEVADA CASINO REVENUES 1980
(Thousands of Dollars)

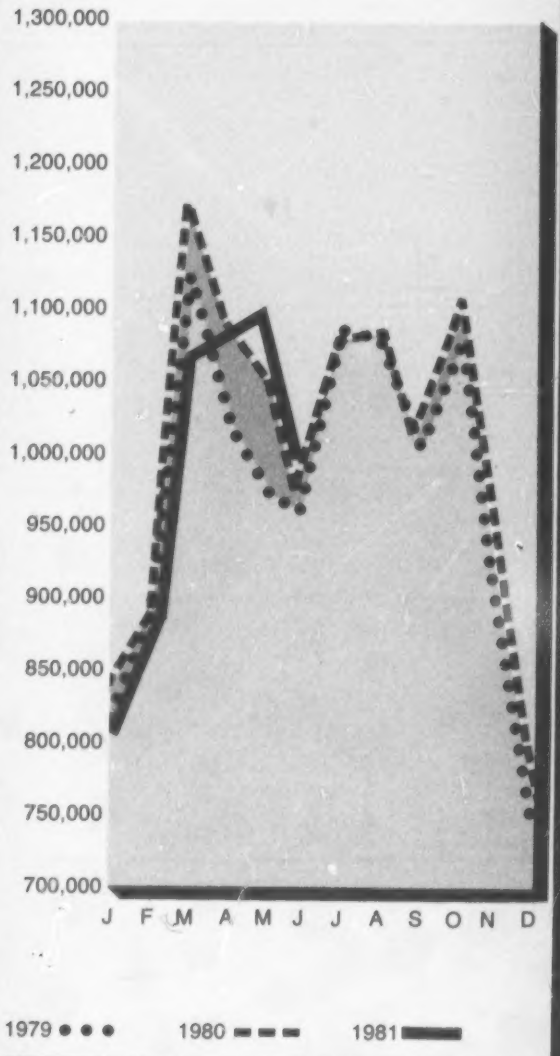
| | 1979 | 1980 | % Change |
|---|---|---|---|
| Nevada | 2,119,630 | 2,368,846 | 11.8 |
| Clark County (Las Vegas) | 1,423,620 | 1,604,877 | 12.7 |
| Washoe County (Reno and North Tahoe) | 422,783 | 456,751 | 8.0 |
| Douglas County (South Shore and Tahoe) | 191,516 | 212,514 | 11.0 |

*Source: Dean Witter Reynolds Inc., Gaming Abstracts, February 1981*

6-05

## LAS VEGAS VISITOR VOLUME

| MONTH | 1979 | 1980 | 1981 |
|---|---|---|---|
| JANUARY | 816,956 | 840,648 | 806,181 |
| FEBRUARY | 881,049 | 888,978 | 889,867 |
| MARCH | 1,113,647 | 1,165,988 | 1,064,547 |
| APRIL* | 1,028,102 | 1,089,788 | 1,075,621 |
| MAY* | 975,599 | 1,057,549 | 1,096,621 |
| JUNE* | 959,262 | 964,058 | 992,000 |
| JULY | 1,087,951 | 1,083,599 | — |
| AUGUST | 1,080,615 | 1,090,341 | — |
| SEPTEMBER | 1,008,095 | 1,012,127 | — |
| OCTOBER | 1,077,273 | 1,105,282 | — |
| NOVEMBER | 917,525 | 890,917 | — |
| DECEMBER | 749,999 | 752,249 | — |




*1979 figures depressed due to United Airlines strike.
*Source: Las Vegas Convention/Visitors Authority, Marketing Department*

6-06

## LAS VEGAS TOTAL DOLLAR REVENUE 1970-1980
(Including Gaming Revenues)

| Year | Total Revenue Dollar Amount* | % Change |
|---|---|---|
| 1970 | $1,182,543,972 | — |
| 1971 | $1,356,788,068 | +14.7 |
| 1972 | $1,505,660,818 | +11.0 |
| 1973 | $1,772,083,169 | +17.7 |
| 1974 | $1,891,089,307 | + 6.7 |
| 1975 | $2,182,565,255 | +15.4 |
| 1976 | $2,447,644,172 | +12.1 |
| 1977 | $2,922,038,957 | +19.4 |
| 1978 | $3,279,205,986 | +12.2 |
| 1979r | $4,136,680,954 | +26.1 |
| 1980 | $4,755,879,064 | +15.0 |

*r-revised.*
**Conventioneers spend $75 per day (excluding gaming). Tourists spend $60 per day (excluding gaming).*
*Source: Las Vegas Convention/Visitors Authority, Marketing Department*

6-07

## RENO AREA ARRIVALS BY AIR*

| Year/Month | Air Arrivals | % Change Prior Year/Month |
|---|---|---|
| Year 1980 | 1,254,067 | −12.8 |
| January 1981 | 93,513 | −5.7 |
| February | 101,145 | −7.0 |
| March | 104,880 | −11.7 |
| April | 91,508 | −6.3 |
| May | 101,572 | +2.6 |
| June | 103,407 | +0.2 |
| 6 Months 1981 | 596,025 | −4.9 |

*Includes passengers on scheduled airlines, scheduled commuters, non-scheduled and charter carriers. Also includes international passengers on non-scheduled and charter flights cleared at Reno International Airport.

*Source: Airport Authority of Washoe County, Reno International Airport*

6-08

## LAS VEGAS VISITOR STATISTICS 1970-1980

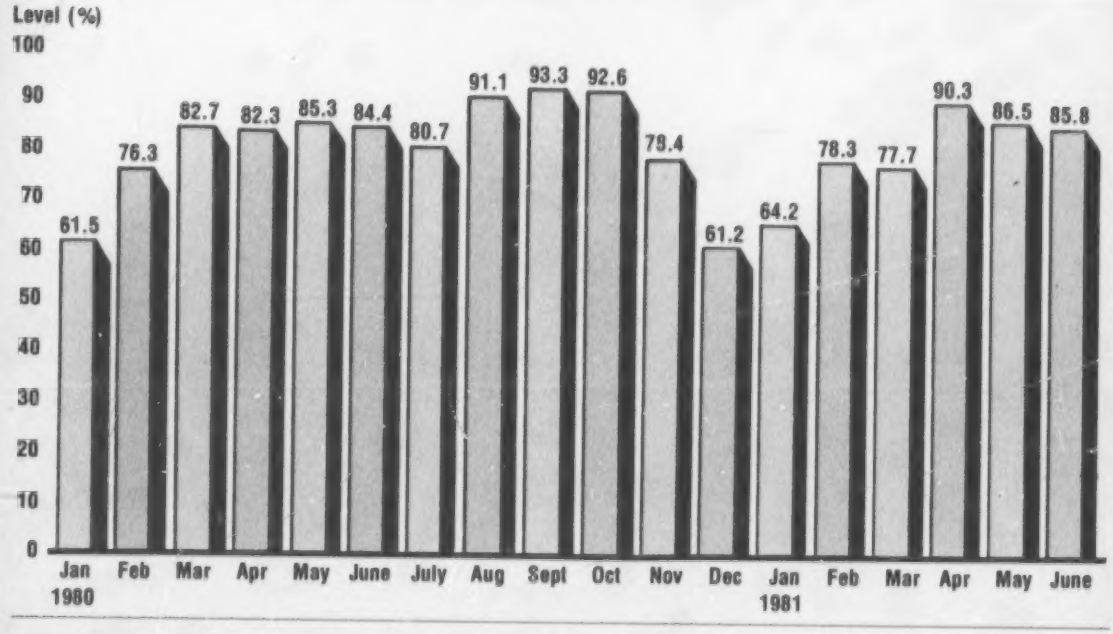
| Year | Visitor Volume | Number Hotel/ Motel Rooms | Hotel Occupancy Percentage | Motel Occupancy Percentage | Average Number of Nights Stayed |
|---|---|---|---|---|---|
| 1970 | 6,787,650 | 25,430 | 70.0% | 65.0% | 2.3 |
| 1971 | 7,361,783 | 26,044 | 82.5% | 72.0% | 2.5 |
| 1972 | 7,954,748 | 26,619 | 86.5% | 73.2% | 2.5 |
| 1973 | 8,474,727 | 29,198 | 88.3% | 78.5% | 2.7 |
| 1974 | 8,664,751 | 32,826 | 86.0% | 68.7% | 2.7 |
| 1975 | 9,151,427 | 35,190 | 84.2% | 72.8% | 3.0 |
| 1976 | 9,769,354 | 36,245 | 85.9% | 76.0% | 3.2 |
| 1977 | 10,137,021 | 39,350 | 85.3% | 74.2% | 3.7 |
| 1978 | 11,178,111 | 42,620 | 86.9% | 74.8% | 3.5 |
| 1979 | 11,696,073 | 45,035 | 86.8% | 71.7% | 3.8 |
| 1980 | 11,941,524 | 45,815 | 82.8% | 68.3% | 4.3 |

Since 1970, visitor volume for Las Vegas has increased 75.9% or 5,153,874 people. During the same time span, the Las Vegas inventory of hotel/motel rooms has increased by 20,385 rooms or 80.2%. Also, since 1970, hotel occupancy has *averaged* 84.1% while motel occupancy has *averaged* 72.3%. The average length of stay has *averaged* 3.11 days.

*Source: Las Vegas Convention/Visitors Authority, Marketing Department*

6-09

## RENO OCCUPANCY LEVELS*

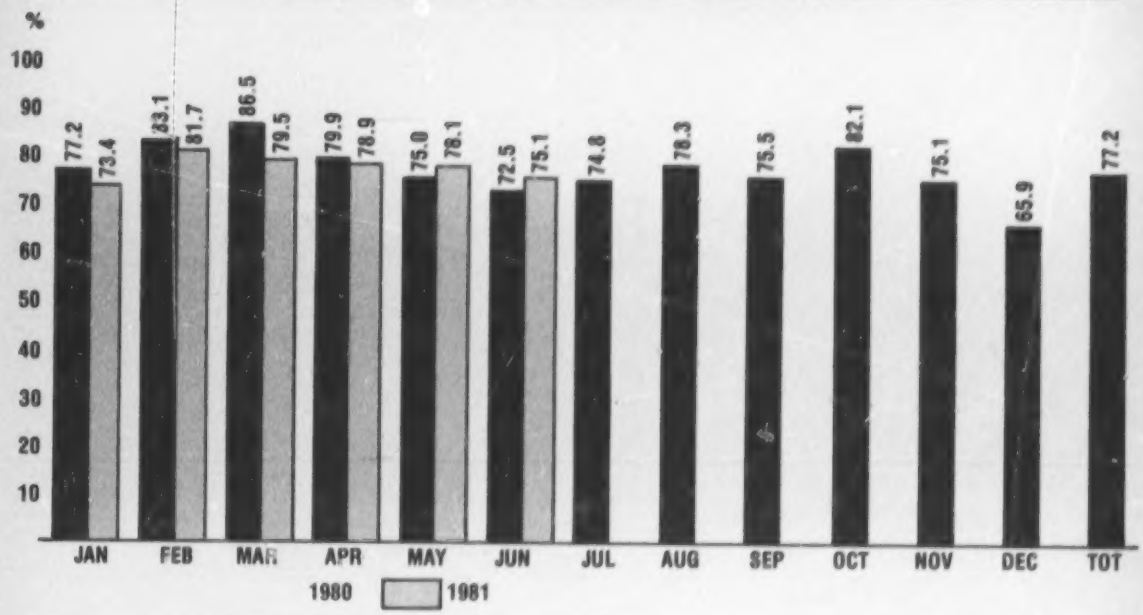



*Data shown is for downtown Reno hotels only.

*Source: Reno/Sparks Convention Authority; Greater Reno-Sparks Chamber of Commerce*

6-10

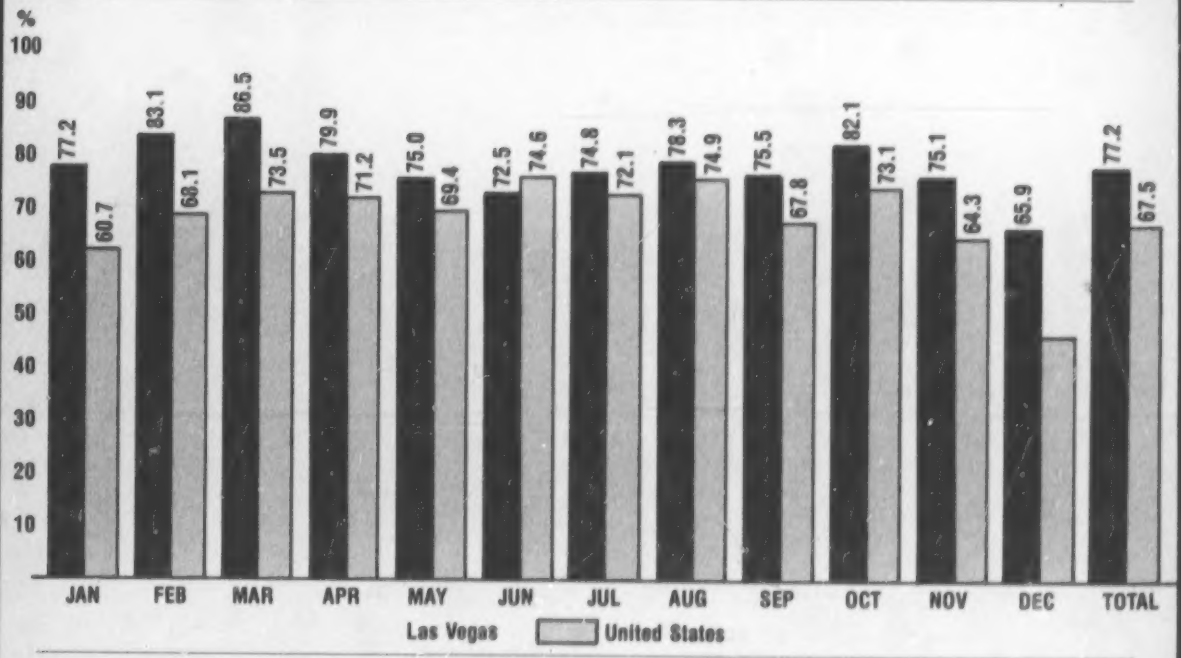
## LAS VEGAS OCCUPANCY LEVELS 1980 AND 1981*




*Figures for first six months 1981 available.
Source: Las Vegas Convention/Visitors Authority, Marketing Department

6-11

## OCCUPANCY LEVELS: LAS VEGAS VS. UNITED STATES 1980




Source: Las Vegas Convention/Visitors Authority, Marketing Department

## HONEYMOON TRAVEL

In the face of economic uncertainty and changes in consumer spending patterns, the market for honeymoon travel continues to demonstrate strength. According to an August 1981 research report on the travel preferences of *Bride's* magazine readers, fully 99% of those surveyed either took or intended to take a honeymoon trip.*

The study also suggests that a considerable amount of advance planning goes into the honeymoon vacation, reservations being made an average of four months in advance. Most honeymoon trips begin on a Sunday (50%) or Saturday (27%). More than half of the honeymooners surveyed (54%) spend the first night of their marriages in the city or town where their wedding receptions take place, while 21% begin their vacations on the wedding day. One out of five couples stays at an airport hotel or motel.

### Trip Statistics

The typical honeymoon lasts 8.5 days and involves a roundtrip distance of 1,800 miles. (6-13) While most just-marrieds (80%) rely on the automobile as a mode of transportation for all or part of their trip, an impressive 54% travel by plane (44% within the U.S. and 76% outside the U.S.). Ships follow planes in popularity (10.8%), with close to 10% of recently married couples booking cruise vacations. Buses (3.8%) and trains (2.5%) remain the least frequently used means of transport, although they are more likely to be utilized by travelers outside the United States.

Additional statistics generated by the *Bride's* report reveal an increased reliance on basic travel services. Some 58% of honeymooners consult a travel agent when planning their trips. Three out of four use traveler's checks and 57% use credit cards while vacationing. Over 33% rent a car during some portion of their travels. (6-13)

Prior to the *Bride's* survey, the most frequently used examination of the honeymoon travel market was the *Modern Bride Honeymoon Travel Study*, based on data compiled from an extensive survey of readers conducted in 1979. A comparison of basic trip statistics documented by the two reports shows little change with respect to length of the honeymoon trip or distance traveled. However, the average planning period before the honeymoon has been extended by about one month, and the incidence of travel agent usage has risen from 37% in 1979 to 58% in 1981.

In the area of transportation, certain noteworthy changes also emerge. While 39% of the honeymooners questioned by *Modern Bride* in 1979 planned to travel by air, 54% of those participating in the 1981 *Bride's* survey selected this mode of transportation. Likewise, the number of honeymoon couples traveling by ship increased from 4% to 10% of the total between 1979 and 1981, and rental car usage jumped from 18% to 33% over the same period.

### Honeymoon Destinations and Expenditures

The majority of honeymoons (66%) still take place within the continental United States, although 35% involve foreign destinations. (6-14)** California (9%) and Florida (9%) remain the top ranking domestic destinations for honeymoon travelers, followed by Pennsylvania, Kentucky, Virginia, New York, Colorado, South Carolina, Nevada, and Tennessee.

The Virgin Islands heads the list of international vacation spots preferred by honeymooners (11%), while Hawaii (9%), Bermuda (7%), Canada (7%), and the Bahamas (7%) draw comparatively large percentages of the market. Also among the top 10 foreign honeymoon destinations are Mexico, Europe, Puerto Rico, Jamaica, and Aruba.

Honeymooners spend an average of $1,708 for transportation, food, lodging, gifts, and incidentals during their trips. (6-13) However, the amount expended at destinations outside the United States (excluding Canada and Mexico) is a substantially higher $2,589. (6-12) Most international honeymoon travelers (28%) plan on spending between $2,000 and $2,500. Those on cruises figure an average expenditure of $2,140.

Obviously, these dollar amounts have risen considerably since *Modern Bride* studied the market in 1979. At that time, the average total expenditure was $1,005, or $885 for domestic destinations and $1,565 for foreign vacation spots (including Canada and Mexico). The nearly 70% increase in the average expenditure over the period can probably be traced to the upward spiral in air fares and hotel charges in addition to much higher gasoline prices.

### Looking Ahead

In view of the relatively large expenditure required for a honeymoon trip, the continued success of the market will probably depend more on price than it has in the past. *Bride's* research demonstrates that while "atmosphere" and "privacy" weigh most heavily in the selection of a honeymoon resort, "price" runs a close third — preceding "room luxury" and "food" as attractive features.

The survey also points out that nearly 50% of honeymooners who travel by air purchase package plans. It seems likely, therefore, that independent package programs, offering transportation and accommodations at a single price, will play a critical role in the market's future.

*A Report on the Honeymoon Travel of Bride's Readers *was based on responses of 1,500 readers to a questionnaire mailed in June 1981. Results were tabulated by Leslie A. Riffkin & Associates, Inc. and published in August 1981.*

***Figures generated by the 1979* Modern Bride Honeymoon Travel Study *showed comparable percentages of 78.5% and 25.3%, although Hawaii was listed as both a domestic and foreign destination.*

6-12

## HONEYMOON EXPENDITURES FOR FOREIGN TRAVEL*

| | |
|---|---|
| Less than $1,500 | 13.0% |
| $1,500-2,000 | 15.1 |
| 2,000-2,500 | 28.2 |
| 2,500-3,000 | 13.3 |
| 3,000-3,500 | 14.9 |
| 3,500-5,000 | 10.5 |
| 5,000 or more | 5.0 |

Average Expenditure: $2,589
Median Expenditure: $2,113

*Note–Average expenditure for honeymoon cruise travelers is $2,140.*
**Excludes Canada and Mexico. Percentages based on respondents traveling outside the U.S., Canada, and Mexico.*
*Source:* Bride's Research Report, *August 1981*

6-13

## HONEYMOON TRAVEL STATISTICS*

| | | | |
|---|---|---|---|
| **Plan to take a honeymoon trip** | | | **99.3%** |
| **Average time advance reservations made** | | | **4.2 months** |
| **Means of transportation used:**** | | | |
| Car | 80.0% | Bus | 3.8% |
| Plane | 54.2 | Train | 2.5 |
| Ship | 10.8 | Other | .5 |
| **Distance traveled roundtrip (miles):** | | | |
| Average | 1,817 | Median | 1,176 |
| **Length of trip (days):** | | | |
| Average | 8.5 | Median | 6.7 |
| **Planned total expenditure:** | | | |
| Average | $1,708 | Median | $1,417 |
| Passport ownership | 16.9% | Use of credit cards | 57.4% |
| Use of travel agent | 58.0% | Use of package by air travelers | 49.5% |
| Use of traveler's checks | 75.6% | Use of rental car | 33.6% |

**Based on 1,500 respondents to* Bride's Research Report, *August 1981.*
***Includes multiple mentions.*
*Source:* Bride's Research Report, *August 1981*

6-14

## TOP 10 HONEYMOON DESTINATIONS*

**Domestic (Continental U.S.) — 66%**

| | |
|---|---|
| 1. California | 9.1% |
| 2. Florida | 8.9 |
| 3. Pennsylvania | 7.5 |
| 4. Kentucky | 6.2 |
| 5. Virginia | 4.7 |
| 6. New York | 4.4 |
| 7. Colorado | 4.0 |
| 8. South Carolina | 3.4 |
| 9. Nevada | 3.2 |
| 10. Tennessee | 2.9 |

**International — 35%**

| | |
|---|---|
| 1. Virgin Islands | 11.3% |
| 2. Hawaii | 8.7 |
| 3. Bermuda | 7.4 |
| 4. Canada | 7.4 |
| 5. Bahamas | 7.3 |
| 6. Mexico | 5.4 |
| 7. Europe | 2.9 |
| 8. Puerto Rico | 1.8 |
| 9. Jamaica | 1.8 |
| 10. Aruba | 1.3 |

**Percentages for states and countries based on total respondents who took or plan to take a honeymoon trip.*
*Source:* Bride's Research Report, *August 1981*

# Meet
# THE BLUE CHIP BRIDE

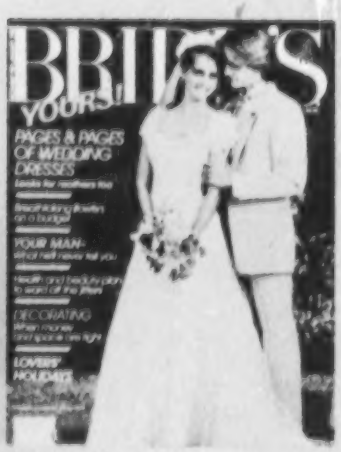
## She knows exactly where she's going

She won't let runaway inflation run off with her honeymoon. Because it's the taking-off point of their life together. They've planned for it. Counted on it.

The Blue Chip Bride. Carried away by *Bride's* vibrant editorial, its flying-colors coverage. Where they'll honeymoon. How they'll get there.

*Bride's* 3,972,000 readers. Delivering blue chip brides. 99% taking a honeymoon. Almost 60% college educated. Marrying at a more mature 22.8 years average. Readier—with a two paycheck average income of $27,609—23% more than the average U.S. family.

The Blue Chip Bride. Core of a $1.3 billion recession-proof travel market. She's up for your message. In *Bride's*, the quality bridal magazine.




A Condé Nast Package Magazine © 1981 The Condé Nast Publications Inc.

Sources: 1981 MRI; 1980 SMRB Primary Reader Study; Condé Nast Research

## THEME PARKS

A Travel Pulse research study conducted in 1979-1980 documented a strikingly high incidence of theme park experience among adult Americans. Nearly nine out of ten adult Americans appear to have visited a theme park at some time. The enduring popularity of this type of leisure experience is evidenced by the report that 45% of all adults visited a theme park in the period covered by the survey, the same proportion as in the previous year. (6-18)

Despite this high level of interest, attendance figures at theme parks have stabilized in the past few years, following a decade of spectacular expansion. The opening of Disneyland in California in the 1950s transformed the local amusement park business and set the stage for the development of large regional parks covering substantial acreage and drawing attendance from sizable metropolitan concentrations and out-of-state areas. The new parks included such perennial favorites as daredevil rides and thrills but they packaged them along with shows, shops, and restaurants within eleborately landscaped thematic settings — historic periods, foreign locales, music, adventure worlds, exotic nature, science fiction, etc.

### Major Parks

Since the record 1978 year, theme park attendance has leveled off. Both in 1979 and 1980, an estimated 83 million visitors attended the 30 largest theme parks in the United States, according to Economics Research Associates (ERA), a recreation-consulting firm. In 1980, these visitors generated revenues of $1.5 billion, a gain of 7% over the previous year. While unusually hot weather and a series of rainy weekends depressed attendance in some areas, poor economic conditions were responsible in other parts of the country, like the mid-west.

In 1981 once again, most evidence pointed to another sluggish year for the established parks. The record varied park by park but with little discernible pattern, according to many industry observers. Mid-summer attendance was generally flat despite ample and stable gas prices. However, new parks such as "Canada's Wonderland" which opened in Toronto in 1981 to 2.2 million visitors boosted overall attendance figures. ERA estimates that, including this major new Canadian park, attendance for the 31 largest theme parks was probably close to 86 million in 1981 and that revenues probably exceeded $1.6 billion.

### Industry Pacesetters

In the top-ten ranking, eleven parks emerged as the leaders in 1980, with Knott's Berry Farm and Universal Studios tieing for third place. (6-15) Generally they varied only slightly from 1979 and the same five parks once again led the group. However, Cedar Point in Ohio was out and two new ones, Busch Gardens Old Country, Virginia, and Sea World, San Diego, were newcomers to the list.

The two Disney operations clearly outdistanced the others in attendance, drawing approximately 25.3 million visitors out of a total for these eleven leaders of 53.2 million. The other nine parks, some of them seasonal, ranged in attendance from 2.4 million to 3.7 million.

### Geographical Concentration

Florida and California have been major centers of theme park activity and claim the lion's share of visitors. A variety of new projects scheduled for 1982-83 should expand Florida's share. Among those opening in 1982 are the vast Disney EPCOT Project and a portion of the Little England theme park being built near Kissimee. Universal Studio Tours is also breaking ground for a giant new project.

In the Orlando area where so many of the established and new projects are located, almost six million visitors spent over $2 billion in 1980, a virtually unchanged picture since 1979. That year, however, saw an 8% decline in visitors because of fuel shortages. The overall visitor level thus was still below the record 1978 level. The relative proportions of air and auto arrivals seemed to be returning to more usual patterns in 1980 and there was a sharp fall-off from the high air visitor level in 1979, offset by an 8% increase in auto visitors. First-half 1981 figures showed a slight visitor increase over 1980 and although air arrivals increased once again, this was probably a response to heavy promotions of airline discount fares and packages. (6-16)

### Visitor Profile

Although theme park interest is strongest among families with children living at home, a surprising 42% of theme park enthusiasts do not have children under 18 years in the household, according to a 1979-80 survey by Travel Pulse Research Service. Another interesting finding was that white-collar households have come to exceed blue-collar households among theme park enthusiasts, a change from previous profiles. As in the past, theme park interest is strongest among the young — 53% of them were between 18 and 34 years. (6-17)

### Future Prospects

The industry appears to be at a crucial turning point after its spectacular growth in the last decade. While individual park performance has always varied substantially depending upon new attractions, marketing discount strategies, weather, and regional economic strength, the record shows that overall attendance is on a plateau. Many observers believe the industry has reached a "mature" level. To expand the total market, changes may be necessary in the nature of the product itself as well as in the techniques of marketing it. In addition to a growing value consciousness among its hard-pressed middle class clientele, demographic changes will affect the market, including the aging of the population and smaller family sizes. Among probable new strategies are an increase in all-round sophisticated entertainment suitable for a wide range of ages and an emphasis on big-name live entertainment that tends to encourage heavy repeat business. Other approaches stress increased educational content in traditional parks and the development of alternative specialty parks. In this inflationary and energy-limited society, much will depend on value, price, and accessibility.

6-15

## LEADING U.S. THEME PARKS 1980

| Park | Attendance (Millions) |
|---|---|
| 1. Walt Disney World, Fla. | 13.8 |
| 2. Disneyland, Cal. | 11.5 |
| (T) 3. Knott's Berry Farm, Cal. | 3.7 |
| (T) 3. Universal Studios, Cal. | 3.7 |
| 4. Six Flags Great Adventure, N.J. | 3.4 |
| 5. Busch Gardens Old Country, Va. | 3.2 |
| 6. Busch Gardens, Tampa, Fla. | 3.1 |
| 7. Sea World, Orlando, Fla. | 3.0 |
| 8. Marriott's Great America, Ill. | 2.8 |
| 9. Sea World, San Diego, Cal. | 2.6 |
| 10. Six Flags Over Georgia, Ga. | 2.4 |

*(T) Tie. Ranking reflects use of rounded numbers.*
*Source: Economics Research Associates*

6-16

## ORLANDO AREA TOURISM PROFILE

(Orange/Disney/Osceola)

| | 1980 | % Change 1979/80 | First Half 1981 |
|---|---|---|---|
| **Total Number of Visitors** | **6,463,100** | — | **3,323,000** |
| Air Visitors | 2,055,400 | −14.0 | 1,345,000 |
| Auto Visitors | 4,407,700 | + 8.0 | 1,978,000 |
| **Length of Stay (days)** | | | |
| Air | 8.7 | + 3.6 | 8.1 |
| Auto | 12.5 | +19.0 | 17.5 |
| **Number in Party** | | | |
| Air | 2.4 | − 7.7 | 2.4 |
| Auto | 2.9 | − 6.5 | 3.0 |
| **Total Expenditures** | **$2,417,076,188** | + 2.2 | **$1,568,383,240** |
| Air | 757,695,597 | −11.6 | 597,429,280 |
| Auto | 1,559,380,591 | +10.1 | 970,953,960 |

*Source: Florida Division of Tourism; Economic Research Department, Orlando Area Chamber of Commerce*

6-17

## DEMOGRAPHIC PROFILE: THEME PARK ENTHUSIASTS*

| | Total Adult Population | Theme Park Enthusiasts |
|---|---|---|
| | 100% | 100% |
| **Sex** | | |
| Male | 46 | 43 |
| Female | 54 | 57 |
| **Age** | | |
| 18-34 years | 39 | 53 |
| 35-44 years | 16 | 18 |
| 45-54 years | 14 | 12 |
| 55 or more years | 30 | 16 |
| **Marital Status** | | |
| Married | 64 | 64 |
| Single/living together | 18 | 21 |
| Single/divorced | 8 | 10 |
| Widowed | 10 | 5 |
| **Age of Children in Household** | | |
| 13-17 years | 26 | 31 |
| 6-12 years | 22 | 29 |
| 2-5 years | 14 | 20 |
| Less than 2 years | 8 | 12 |
| No children under 18 years | 56 | 42 |
| **Education** | | |
| High school or less | 69 | 66 |
| Some college | 17 | 20 |
| College graduate or better | 14 | 13 |
| **Annual Household Income** | | |
| Under $15,000 | 42 | 36 |
| $15,000-$24,999 | 27 | 30 |
| $25,000 or more | 30 | 34 |
| **Occupation of Household Head** | | |
| White collar | 38 | 44 |
| Blue collar | 36 | 42 |
| Retired | 18 | 10 |
| **Census Region of Origin** | | |
| New England | 5 | 5 |
| Middle Atlantic | 18 | 19 |
| East North Central | 18 | 18 |
| West North Central | 9 | 9 |
| South Atlantic | 16 | 17 |
| East South Central | 6 | 6 |
| West South Central | 10 | 10 |
| Mountain | 5 | 6 |
| Pacific | 13 | 12 |

**Defined as adult consumers who report visiting theme/amusement parks as one of their favorite leisure activities.*
*Source: Travel Pulse Research Service 1979-80*

6-18

## THEME PARK EXPERIENCE

| | Total Adult Population % | Total Travelers* % |
|---|---|---|
| **Have Ever Visited A Theme Park** | **88** | **93** |
| Within the past year | 45 | 56 |
| A year ago | 10 | 10 |
| 2-3 years ago | 13 | 12 |
| 4-5 years ago | 5 | 4 |
| More than 5 years ago | 15 | 10 |
| Have never visited a theme park | 12 | 7 |

**As defined in Travel Pulse research; see p. 82.*
*Source: Travel Pulse Research Service 1979-1980.*

## TIMESHARING

Since its beginnings in the U.S. in the mid-1970s, the resort timesharing industry, has grown from sales of about $50 million in 1975 to an estimated $1.5 billion in 1981. (6-19) During much of that time, sales approximately doubled each year and although the pace has slowed somewhat, the 1981 rise was 50% over the $1 billion mark reached in 1980. The number of timeshare owners grew to over 300,000 in 1981. (6-20)

Eighteen companies rang up at least $10 million in sales in 1980, almost double the number in that group the previous year. (6-21) This figure was expected to double again in 1981, according to the industry newsletter, *Resort Timesharing Today*. Most of the programs were multi-location and four of the five highest-volume firms were club-type programs.

While the concept of timesharing originated in Europe, the U.S. has become the center of the industry, counting an estimated 550-600 locations in 1981 that offered timeshare programs. These are centered mainly in Hawaii, Florida, California, Colorado, South Carolina, and Texas. Since 1977, an average of 100 new locations has been coming on the market annually in the U.S. Worldwide as of 1980, there were approximately 265 foreign timeshare facilities, scattered widely but with the bulk in Europe.

### Programs

While resort timesharing programs vary, they all essentially sell specific annual weeks of vacation lodging either for long-term occupancy or in perpetuity. Two basic types are offered. Interval or fee-simple programs, probably the most widely used, provide purchasers with both an occupancy and an ownership right to a specific resort unit for a fixed period of time annually, generally one or two weeks. This can be sold or leased and used for tax purposes like any other real estate purchase. Right-to-use programs guarantee an annual occupancy right for a specified period, ranging in the current market from 10 to 25 years, but do not convey ownership interest in the property. In both types timeshare owners must also pay their pro-rata share of the annual maintenance costs of the entire property. In some variations, "floating" or "open use" systems also offer occupancy within a certain season and for a certain type of unit rather than a specific unit. Approximately 60% of the currently available timeshare programs in the U.S. use condo-type facilities, and another 30% use hotel and motel-type facilities. Most new locations have generally been conversions of existing facilities until recently. Industry analysts have noted that possibly 40% to 50% of the new offerings appearing in the market recently are new construction.

Exchange systems provide significant flexibility for timeshare owners. In the 1980 Ragatz study prepared for the Resort Timesharing Council of the American Land Development Institute, 71% of the respondents indicated that exchange opportunity at other resorts was their primary motive for purchasing timeshare units. Two worldwide networks initially provided computerized trading services and three more entered the market in 1981. Their thrust will probably be toward more specialized services geared to the increasing differentiation of the market.

### Costs and Financing

Prices of timeshare units vary widely based on resort season and location of the facility. In 1980, the overall average price for a timeshare week was $5,200, according to *Resort Timesharing Today* studies. Estimates for 1981 suggest a $6,000 per week average. Annual maintenance prices have also risen and in 1981 they probably averaged $125-$130 per week.

A recent trend which may have profound effects on the industry has been the development of a high-end market for ultraluxurious timeshare intervals. In several affluent resort areas, timeshare weeks priced from $15,000 to $24,000 and carrying maintenance costs several times the national average found ready purchasers. Many observers believe this new trend simply reflects the increasing segmentation of the overall market but at the same time they expressed concern lest these very high prices lead to further price inflation across the board.

Tight conditions in the money market have had little noticeable effect on timeshare sales. A recent study indicated that almost 68% of timeshare owners generally financed their purchases. Many developers offer financing packages and about one-half of those who financed used such loans. For those who took out personal loans, short-term money was if anything, more available because lenders have shifted away from long-term obligations. Additionally at the end of 1980, federally-chartered savings and loan associations and savings banks were authorized to make direct and indirect consumer loans for timesharing purchases. For industry developers the financing picture continues to improve as new lenders, including several major banks, began to finance timesharing projects in 1980. Although tight and expensive money limited the number of commitments in 1981, the acceptance of timeshare paper by the financial community was of long-term significance.

### Timeshare Purchasers

Timeshare owners are better-educated and more affluent than the general average of the population, according to the study by Richard L. Ragatz Associates done in 1980. More than half had incomes of over $30,000 per year and almost 45% had either college training or were college graduates. Almost all timeshare buyers are married, over one-half are between the ages of 35 and 54 years, and they typically have at least one or two children living at home. They were interested chiefly in exchange opportunities and also in saving money on future vacations. Over 62% plan to buy additional timeshares.

### Looking Forward

Although a relative newcomer in the travel market, the timesharing industry has established itself as a serious contender for the vacation dollar. Extensive product and marketing development has succeeded in attracting a broad spectrum of affluent consumers who indicate general satisfaction with their purchases. However, as the industry has become more visible and aggressive, and spread out of established resort communities into areas with little previous experience with timesharing, regulatory problems have

multiplied from the point of view of the consumer as well as the community.

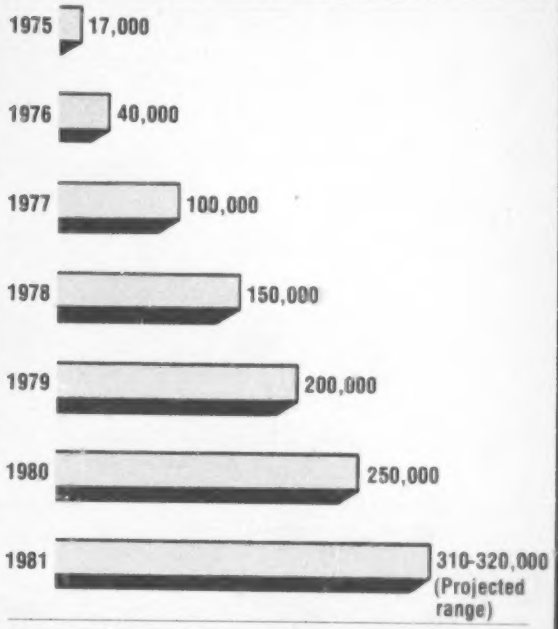
From the consumer standpoint, the majority of complaints stem more from misleading sales practices than from the product itself and many states are currently dealing with these problems through their trade practices acts and, where in place, their timeshare or land sales laws. About a dozen states already have legislation on timesharing and another ten are seriously considering such legislation.

Much more fundamental is the proliferation of local ordinances which have replaced state regulation as the industry's primary concern. Among the issues raised have been zoning, imposition of bed or room taxes, and real estate tax changes. New controls on both the state and local level are anticipated.

Despite the problems, the dominant tone in the industry is expansionist and buoyant. Over 100 new projects came on the market in 1981 and a record number of companies were expected to break the $10 million sales mark. As already apparent, the timesharing concept may be applied to a wide variety of recreational facilities. Among the potentially strong new directions but with only about a dozen projects yet underway is urban timesharing which will probably develop a corporate slant for successful applications. In 1981 the timesharing product seems to have successfully withstood the generally negative economic atmosphere. Much will depend on price restraint in the industry, sophisticated marketing geared to segments of the market, and the development of new types of timeshare projects.

6-20

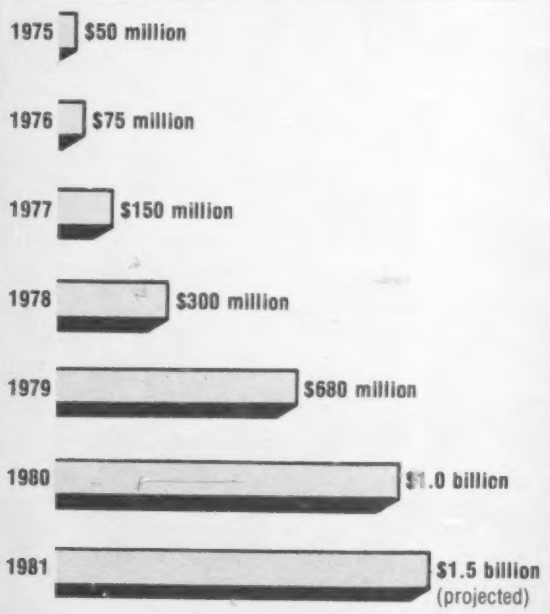
## ESTIMATED NUMBER OF TIMESHARE OWNERS (U.S.)




*Source: The CHB Company,* Resort Timesharing Today: *American Land Development Council*

6-19

## U.S. TIMESHARE SALES




*Source: The CHB Company,* Resort Timesharing Today; *Helmsley-Spear, Inc.*

6-21

## LEADING U.S. TIMESHARE COMPANIES 1980*

| | No. of Locations | 1980 Sales ($ mil.) | % Change 1979/80 |
|---|---|---|---|
| American Int'l Vacations (NV) | 12 | $ 41.0 | +32 |
| The Aloha Group (HI) | 8 | 35.0 | +94 |
| Captran (FL) | 13 | 27.0 | +69 |
| Sweetwater Properties (UT) | 18 | 25.0 | +85 |
| Vacation Spa Resorts (NV) | 4 | 24.0 | +78 |
| Dunes Mktg. Group (SC) | 7 | 20.0 | +150 |
| Holiday Club Int'l. (TN) | 32 | 20.0 | +100 |
| The Mariner Group (FL) | 4 | 19.0 | +73 |
| Fairfield Communities (AR) | 9 | 16.5 | +230 |
| Club Tahoe (NV) | 1 | 16.0 | +100 |
| Costa Vida Vallarta (Mex.) | 1 | 15.0 | n.a. |
| Hacienda Gold Key Club (NV) | 2 | 14.0 | +40 |
| Watt Industries (CA) | 3 | 14.0 | +17 |
| Platinum Exchange Group (MI) | 6 | 13.5 | +35 |
| Tahoe Waterfront Club (CA) | 1 | 12.5 | n.a. |
| Breckenbridge Beach Club (FL) | 1 | 10.5 | +110 |
| Shawnee Village (PA) | 1 | 10.0 | +3 |
| Vacation Int'l. Ltd. (WA) | 13 | 10.0 | 0 |
| **Total** | **136** | **$343.0** | **+80%** |

**Sales volume of $10 million or more.*
*Source:* Resort Timesharing Today

# SIX REASONS TRAVEL ADVERTISERS CHOOSE OUR TRAVEL SECTION. WITHOUT RESERVATION.

**1. It's the right place to meet the right people.**
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**2. We reach 64% of frequent business fliers.**
Our audience includes a sizable majority of adults who take 10 or more commercial flights a year. And their business can work wonders for your business.

**3. We reach 61% of luxury vacationers.**
Of all adults who spent $1,500 or more on their vacation last year, we reach thousands more than the afternoon paper. And these footloose, fancy free travelers need your direction.

**4. We reach 55% of passport holders.**
More people who plan – or dream of – foreign trips read The Dallas Morning News. Being part of that picture could be very flattering to you.

**5. Our Travel section's taken lots of terrific ideas – and made 'em fly.**
The Dallas Morning News' Travel is the best. With more – and more exciting – stories and pictures. From columns geared for *The Smart Traveler* and *The Weekender* to Stan Delaplane and Travel Notebook. Plus on-the-scene reports from our well-seasoned correspondents, who provide the kind of articles on every place that travelers don't find anyplace else.

Travel
Australia
Outback: out of this world

**6. We inspire travel on every page. And beyond.**
The Dallas Morning News shares your commitment to supporting and building the travel industry. By our sponsorship of travel shows and Morning News travel consultant Barbara Williams' weekly television show, *World of Travel.* Through The Dallas Morning News Travel Club. And by encouraging our readers to rely on travel agents. Plus, a dozen or more times a year, we produce special sections with themes from International Travel to Ski Vacations to Cruises. And as we sell Dallas' travelers on the great, big beautiful world out there, your ad can come along for the ride.

FOR MORE INFORMATION CONTACT: GENERAL ADVERTISING DEPARTMENT AT (214) **745-8571, 745-8570** OR CALL TONY EVANS, TRAVEL MANAGER, AT **745-8580.**

**The Dallas Morning News**
The Voice of Texas.

Source: The Dallas Morning News Continuing Market Study, conducted by Belden Associates, June-August 1980.

# TRAVEL ADVERTISING

## TRAVEL ADVERTISING

In 1980, travel advertising expenditures in newspapers and magazines, on television and radio, and through the use of outdoor space totaled $849 million. This figure translates into a 20.5% rise over the $705 million spent in 1979 and also demonstrates a faster rate of increase than the 16% boost recorded that year. (7-01) As anticipated, the record outlay for time and space in the nation's measured media during 1980 was largely the result of the recessionary economy which caused suppliers to compete heavily for shares of the market. Although 1981 advertising revenues are still being computed, this trend is expected to continue.

### Expenditures by Market Segment

The airlines devoted $382.4 million to measured media advertising in 1980, a 24% increase over 1979 and an amount which represented 45% of the total market expenditure. (7-02,7-03) The bulk of airline advertising budgets (48.5%) went to newspaper promotion, while about 22% was spent on television and 18% on radio. (7-04) Hotels, motels, and resorts held fast at 27% of the travel advertising market in 1980, though increasing their total promotional outlay by over 20% to $228.4 million. 34% of hotel, motel, and resort advertising dollars were spent on newspaper space, while 32% was given over to magazine pages. Railroads and bus companies likewise maintained travel advertising market shares of 2% each in 1980, demonstrating budget increases of 18% and 16% respectively. Railroad advertising on radio took a considerable jump in 1980, with 32% of ad dollars devoted to the medium, up from a mere 3% in 1979.

Following a year of decreased advertising expenditures in 1979, the travel services segment — including travel packages, travel agents, traveler's checks, and credit card companies — bounced back, spending close to $132 million or 16% more than the previous year. (7-02) While allocating a smaller portion of advertising budgets to magazine and radio promotion, travel services devoted greater shares to newspaper (45%) and television (42%) advertising. (7-04) Although rental car firms were the only travel segment to reduce advertising expenditures in 1980 — down 5% from $34.2 million to $32.4 million — the loss was more than offset by ship line outlays which rose a dramatic 40%. Passenger shipping companies increased advertising expenses by $12 million, upping their market share from 4.2% in 1979 to 5% in 1980. As in the past, over 80% of ship line promotional dollars were set aside for newspaper advertising.

### Top 15 Travel Advertisers

The nation's 15 leading travel advertisers spent a combined total of over $350 million in 1980. This represented a share exceeding 40% of all measured media travel advertising and underscores the fact that a limited number of suppliers remain the backbone of the travel advertising market.

United Airlines ($47.3 million) held onto the number one spot in 1980, while American Airlines ($41.6 million) replaced American Express ($37.1 million) as number two. Eastern Airlines ($39.1 million) and Delta Airlines ($34.9 million) traded places for slots three and five. (7-06,7-07) Citibank Traveler's Checks ($13.3 million), Amtrak ($11.8 million), Greyhound ($9.6 million), and MasterCard ($8.9 million) joined the group of big spenders in 1980. Avis, Visa, and Western Airlines were dropped from the list.

With the acquisition of National Airlines by Pan Am and with increased ad expenditures by non-airline segments of the market, the number of airline companies among the top 15 travel advertisers fell from 10 in 1979 to eight in 1980. Of these, both Braniff and Continental actually decreased promotional spending by 21% and 9% respectively. (7-08) At the same time, increases of 30% or more were recorded by United, TWA, Eastern, American, and Pan Am. (Pan Am's 64% boost reflects the National merger.)

### Newspaper Advertising

44.5% of total travel advertising revenues in 1980 —

up from 43.7% in 1979 — resulted from newspaper promotion. (7-05) The $378.2 million spent by suppliers of travel products and services was 23% higher than 1979's $308.3 million expenditure. (7-01) All market segments except railroads put more money into newspaper advertising during 1980, the largest sum coming from the airlines ($185.3 million), followed by hotels, motels, and resorts ($78.3 million), travel services ($59.1 million) and ship lines ($34.7 million). The bus industry expenditure of $5.3 million, however, represented the greatest percentage increase (56%) recorded by any market segment.

The top 50 travel advertisers in newspapers spent a combined total of $195 million, accounting for nearly 52% of all newspaper travel advertising revenues for 1980. Delta Airlines sustained its position as the number one newspaper travel advertiser for 1980, allocating $20.1 million to the medium. (7-10) A number of suppliers boosted newspaper ad expenditures enormously during 1980, among them — World Airways, Thomson Vacations, Laker Airways, Royal Caribbean, Crimson Travel, Singapore Airlines, Pleasant Hawaiian Holidays and Air Florida.

## Television Advertising

Spending for travel advertising on television amounted to $219.6 million in 1980 or 21% more than the comparable figure for 1979. The medium held its market share at 26%, thanks to healthy increases in promotional dollars from the airlines ($83.5 million, up 17%), travel services ($55.7 million, up 32%), and hotels/resorts ($49.3 million, up 48%). (7-01,7-05) Railroads, bus lines, and car rental companies actually cut television advertising budgets for the year, while ship lines — traditionally the lowest spenders for television ads — increased expenditures by an impressive 40%.

Heading the list of top 50 travel advertisers on television for 1980 were American Express ($27.0 million) and United Airlines ($20.9 million). Citibank Traveler's Checks joined the ranks of heavy spenders for television time with a hefty $13.3 million expenditure. (7-11) Noteworthy among those travel suppliers who increased television advertising budgets to the greatest extent during 1980 were Quality Inns, Braniff Airlines, Jamaica Tourism, Mexico Tourism, Piedmont Airlines, British Airways, Northwest Airlines, and Princess Cruises. Altogether, the 50 leading television travel advertisers spent $207.5 million, amounting to nearly 95% of all television promotional expenditures.

## Magazine Advertising

Spending for travel advertising in the nation's magazines rose a moderate 9.5% in 1980, totaling $131.7 million. (7-01) This comparatively low rate of increase cause the medium's share of promotional dollars generated by travel suppliers to drop from 17% in 1979 to 15.5% (7-05) Lower expenditures were recorded by rental car firms (down 11%) and travel services (down 8%). Hotels, motels, and resorts remained the biggest spenders ($73.6 million), followed by the air carriers ($34.2 million), although railroads and bus lines — still spending the least in absolute dollars — registered the highest percentage increases in magazine advertising budgets.

American Express ($5.4 million) and Eastern Airlines ($3.9 million) led the list of major magazine travel advertisers again in 1980, while an increased expenditure of over 100% sent American Airlines ($3.9 million) into the number three spot. (7-12) Significant budget hikes for magazine pages were also reported by Thai International, Amtrak, Carte Blanche, TWA, Jamaica Tourism, and Air New Zealand.

The *New Yorker* held onto its position as the leading magazine in travel advertising pages for 1980 (7-09), and *Time* continued to lead the group in terms of ad revenue (7-15). *Business Week*, the *New Yorker*, and *Travel & Leisure* were the only publications to claim one of the top five positions for both pages and revenue in 1980.

## Radio and Outdoor Advertising

Following a banner year in 1979, radio again documented a larger percentage increase in revenue from travel industry sources than did the other measured media. A total of $99.1 million in advertising expenditures translated into a 32% boost over prior year revenues, enabling radio's share of all travel advertising dollars to rise from 11% in 1979 to 12% in 1980. (7-01,7-05) An enormous increase in dollars devoted to radio time came from the railroads ($5 million), with Amtrak upping its expenditure by over 1,000%. Likewise bus and ship companies hiked budgets substantially, as did the airlines with a 40% increase over 1979 and a total sum of $70.5 million.

Airlines continued to number among the majority of the top 50 radio travel advertisers in 1980, the list headed by United ($8.1 million, up 53%), Delta ($8.0 million, up 35%), and American ($8.0 million, up 125%). (7-13) Hefty jumps in spending for radio time by several international airline companies — Sabena, Qantas, and Air Canada, for example — helped raise the total of top 50 expenditures from $67 million, or 89% of all travel advertising in 1979, to $92 million, or 93% of all radio travel advertising, in 1980.

On the opposite end of the scale from radio advertising, the outdoor medium registered the lowest rate of travel revenue increase for 1980. Holding at a 2.4% share of the travel advertising market (down from 2.8% in 1979), outdoor space commanded $20.4 million in travel ad dollars, a minor 2.5% rise above 1979. (7-01,7-05)

A decline of 4% in spending by the airlines ($8.9 million) was offset by a 17% increase in hotel, motel, and resort expenditures ($11.4 million) for outdoor promotion in 1980. In fact, among the 50 leading outdoor travel advertisers, the most notable decreases in revenues came from airline companies, while the most sizeable increases were generated by various resorts and hotel chains. (7-14) These increases were primarily responsible for the top 50 share of the outdoor travel advertising market jumping from $17.1 million (86% of all outdoor travel advertising) in 1979 to $18.5 million (91% of all outdoor travel advertising) in 1980.

Note: Updated material and more detailed information is available from Leading National Advertisers (LNA), 515 Madison Avenue, New York, N.Y. 10022.

7-01

## COMPOSITE STATEMENT OF TRAVEL ADVERTISING DOLLARS 1979 VS. 1980 ($Millions)

| | Total Travel Advertising | | Newspapers | | Magazines | | TV | | Radio | | Outdoor | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Advertiser | '79 | '80 | '79 | '80 | '79 | '80 | '79 | '80 | '79 | '80 | '79 | '80 |
| AIRLINES | 309.5 | 382.4 | 146.2 | 185.3 | 32.0 | 34.2 | 71.6 | 83.5 | 50.4 | 70.5 | 9.3 | 8.9 |
| SHIPS | 29.7 | 41.6 | 23.8 | 34.7 | 5.3 | 5.9 | .5 | .7 | .1 | .3 | .0 | .0 |
| RAILROADS | 13.3 | 15.7 | 6.5 | 4.6 | 1.1 | 1.7 | 5.2 | 4.4 | .4 | 5.0 | .1 | .0 |
| BUS | 14.4 | 16.7 | 3.4 | 5.3 | .2 | .3 | 9.5 | 8.7 | 1.3 | 2.4 | .0 | .0 |
| RENTAL CARS | 34.2 | 32.4 | 10.6 | 10.9 | 3.7 | 3.3 | 18.5 | 17.3 | 1.1 | .8 | .3 | .1 |
| TRAVEL SERVICES* | 113.6 | 131.8 | 49.9 | 59.1 | 13.8 | 12.7 | 42.2 | 55.7 | 7.2 | 4.3 | .5 | .0 |
| HOTEL/MOTEL & RESORTS** | 189.9 | 228.4 | 67.9 | 78.3 | 64.2 | 73.6 | 33.4 | 49.3 | 14.7 | 15.8 | 9.7 | 11.4 |
| TOTAL | 704.6 | 849.0 | 308.3 | 378.2 | 120.3 | 131.7 | 180.9 | 219.6 | 75.2 | 99.1 | 19.9 | 20.4 |
| % Change 79/80 | +20.5 | | +22.7 | | +9.5 | | +21.4 | | +31.8 | | +2.5 | |

*Note – % change in TV and outdoor classifications reflects addition of major theme park ad expenditures in 1980 totals.*
**Includes travel packages, travel agents, credit cards, and traveler's checks. Newspaper classification includes packages and agents only.*
***Includes campgrounds and theme parks in radio classifications for 1979 and 1980. Includes major theme parks in TV and outdoor classifications for 1980 totals only.*
*Source: LNA; Media Records;* Radio Expenditure Reports

7-02

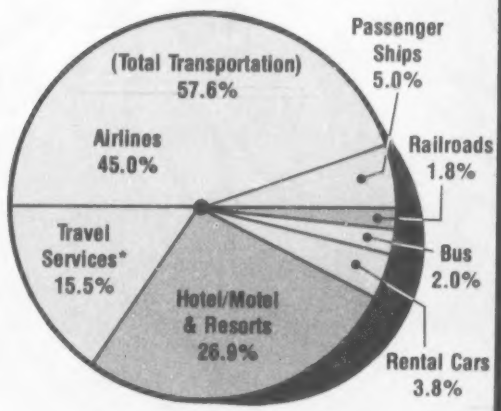
## TRAVEL AD EXPENDITURES BY MARKET SEGMENTS 1979 VS. 1980 ($ Millions)

| | 1979 | 1980 | Net Change% |
|---|---|---|---|
| Airlines | 309.5 | 382.4 | +23.6 |
| Ships | 29.7 | 41.6 | +40.1 |
| Railroads | 13.3 | 15.7 | +18.0 |
| Bus | 14.4 | 16.7 | +16.0 |
| Rental Cars | 34.2 | 32.4 | −5.3 |
| Travel Services* | 113.6 | 131.8 | +16.0 |
| Hotel/Motel & Resorts | 189.9 | 228.4 | +20.3 |
| TOTAL | 704.6 | 849.0 | +20.5 |

**Includes travel packages, travel agents, credit cards, and traveler's checks.*
*Source: LNA; Media Records;* Radio Expenditure Reports

7-03

## MARKET SHARES OF TRAVEL ADVERTISING EXPENDITURES 1980




TOTAL
100.0%

**Includes travel packages, travel agents, credit cards, and traveler's checks.*
*Source: LNA; Media Records;* Radio Expenditure Reports

7-04

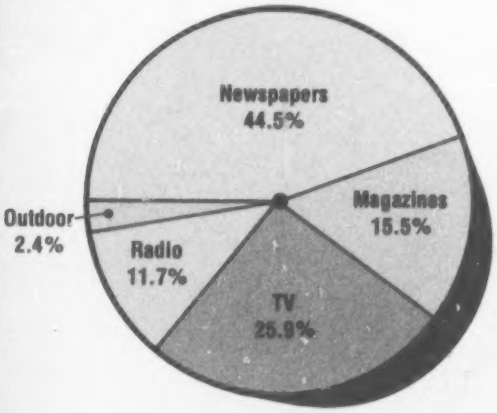
## HOW TRAVEL ADVERTISERS ALLOCATE BUDGETS BY MAJOR MEDIA PERCENTAGE 1960-1980 DOLLARS

| | Magazines | | Newspapers | | TV | | Radio | | Outdoor | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1960% | 1980% | 1960% | 1980% | 1960% | 1980% | 1960% | 1980% | 1960% | 1980% |
| Airlines | 17.2 | 8.9 | 63.9 | 48.5 | 6.1 | 21.8 | 7.7 | 18.4 | 5.1 | 2.3 |
| Ships | 39.2 | 14.2 | 60.8 | 83.4 | — | 1.7 | — | .7 | — | — |
| Railroads | 11.9 | 10.8 | 74.6 | 29.3 | — | 28.0 | 8.9 | 31.8 | 4.5 | — |
| Bus | 11.1 | 1.8 | 79.6 | 31.7 | 7.4 | 52.1 | 1.9 | 14.4 | — | — |
| Rental Cars | 24.4 | 10.2 | 36.6 | 33.6 | 19.5 | 53.4 | 7.3 | 2.5 | 12.2 | .3 |
| Travel Services* | 60.0 | 9.6 | 36.3 | 44.8 | — | 42.3 | 3.7 | 3.3 | — | — |
| Hotel/Motel & Resorts | 20.9 | 32.2 | 66.6 | 34.3 | 2.6 | 21.6 | 5.6 | 6.9 | 4.3 | 5.0 |

*Includes travel packages, travel agents, credit cards, and traveler's checks.
(–) No expenditure or too small to measure.
Source: LNA; Media Records; Radio Expenditure Reports.

7-05

## MEDIA SHARES OF TRAVEL ADVERTISING EXPENDITURES 1980




TOTAL
100.0%

Source: LNA; Media Records; Radio Expenditure Reports

7-06

## 15 TOP TRAVEL ADVERTISERS MEASURED MEDIA 1979 VS. 1980

| Rank | Advertiser (1979) | Advertiser (1980) |
|---|---|---|
| 1. | United Airlines | United Airlines |
| 2. | American Express | American Airlines |
| 3. | Delta Airlines | Eastern Airlines |
| 4. | American Airlines | American Express |
| 5. | Eastern Airlines | Delta Airlines |
| 6. | Trans World Airlines | Trans World Airlines |
| 7. | Holiday Inns | Pan American |
| 8. | Pan American | Holiday Inns |
| 9. | Continental Airlines | Citibank Traveler's Checks |
| 10. | Hertz | Continental Airlines |
| 11. | Visa | Hertz |
| 12. | Braniff Airlines | Amtrak |
| 13. | Avis | Greyhound |
| 14. | Western Airlines | MasterCard |
| 15. | National Airlines | Braniff Airlines |

Source: LNA; Media Records; Radio Expenditure Reports

7-07

## 15 TOP TRAVEL ADVERTISERS MEASURED MEDIA 1980

| Rank | Advertiser | ($000) | Percent of total | | | | |
|---|---|---|---|---|---|---|---|
| | | | Newspapers | Magazines | TV | Radio | Outdoor |
| 1. | United Airlines | 47,339.8 | 33.9 | 4.3 | 44.1 | 17.2 | .5 |
| 2. | American Airlines | 41,580.6 | 41.3 | 9.3 | 28.9 | 19.2 | 1.3 |
| 3. | Eastern Airlines | 39,121.1 | 50.6 | 10.0 | 20.8 | 13.7 | 4.9 |
| 4. | American Express | 37,068.9 | 5.8 | 14.5 | 72.7 | 6.9 | .1 |
| 5. | Delta Airlines | 34,876.9 | 57.7 | 2.3 | 13.2 | 23.1 | 3.7 |
| 6. | Trans World Airlines | 34,099.5 | 51.1 | 5.0 | 30.2 | 13.6 | .1 |
| 7. | Pan American | 23,906.6 | 49.3 | 5.5 | 24.1 | 20.3 | .8 |
| 8. | Holiday Inns | 15,544.0 | n.a. | 24.5 | 62.7 | .4 | 12.4 |
| 9. | Citibank Traveler's Checks | 13,342.9 | n.a. | — | 99.8 | .2 | — |
| 10. | Continental Airlines | 13,114.8 | 35.8 | 3.0 | 14.9 | 43.8 | 2.5 |
| 11. | Hertz | 11,809.0 | 38.0 | 3.0 | 58.5 | .3 | .2 |
| 12. | Amtrak | 11,785.8 | 17.9 | 9.4 | 30.2 | 42.4 | .1 |
| 13. | Greyhound | 9,576.8 | 8.7 | 1.2 | 65.3 | 24.7 | — |
| 14. | MasterCard | 8,954.4 | n.a. | 10.5 | 75.8 | 13.6 | .1 |
| 15. | Braniff Airlines | 8,706.9 | 57.2 | — | 39.7 | 1.0 | 2.1 |

*Note– Advertising expenditures by individual hotel/resorts and credit card companies in newspapers not available.*
*(–) No expenditure or too small to measure.*
*Source: LNA; Media Records;* Radio Expenditure Reports

7-08

## TOP 10 AIRLINE ADVERTISERS MEASURED MEDIA 1979 VS. 1980

| Rank 1980 | Advertiser | 1980 ($000) | Rank 1979 | 1979 ($000) | % Change |
|---|---|---|---|---|---|
| 1. | United Airlines | 47,340 | 1. | 36,433 | +29.9 |
| 2. | American Airlines | 41,581 | 3. | 28,883 | +44.0 |
| 3. | Eastern Airlines | 39,121 | 4. | 28,387 | +37.8 |
| 4. | Delta Airlines | 34,877 | 2. | 33,291 | +4.8 |
| 5. | Trans World Airlines | 34,100 | 5. | 25,730 | +32.5 |
| 6. | Pan American* | 23,907 | 6. | 14,555 | +64.3 |
| 7. | Continental Airlines | 13,115 | 7. | 14,363 | –8.7 |
| 8. | Braniff Airlines | 8,707 | 8. | 11,017 | –21.0 |
| 9. | Republic Airlines | 7,835 | n.a. | 5,695 | +37.6 |
| 10. | Northwest Airlines | 7,598 | n.a. | 6,669 | +13.9 |

**1979 figure excludes National Airlines which spent approximately $9 million.*
*Source: LNA; Media Records;* Radio Expenditure Reports

## LEADING MAGAZINES IN TRAVEL ADVERTISING 1976-1980
(Pages)

| 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|
| New Yorker....560.03 | New Yorker....532.10 | New Yorker....550.95 | New Yorker....646.57 | New Yorker....705.28 |
| Sunset.....392.36 | Sunset.....421.86 | Travel & Leisure.....428.87 | Travel & Leisure.....441.78 | Travel & Leisure.....503.76 |
| New York.....283.65 | Travel & Leisure.....327.98 | Sunset.....425.54 | Travel/Holiday..400.21 | Travel/Holiday..383.68 |
| Southern Living.....225.77 | Southern Living.....308.90 | New York.....353.65 | Sunset.....382.07 | Sunset.....366.29 |
| Travel & Leisure.....225.77 | New York.....286.45 | Business Week.....350.50 | New York.....361.75 | Business Week.....355.69 |
| Modern Bride..218.12 | Business Week.....260.67 | Travel/Holiday..308.47 | Business Week.....331.71 | New York.....289.96 |
| Business Week.....188.41 | Travel.....249.95 | Southern Living.....267.64 | New West.....252.93 | Bride's.....261.08 |
| Skiing.....178.95 | Skiing.....214.95 | Skiing.....243.00 | Southern Living.....235.12 | Modern Bride..243.87 |
| Newsweek....170.80 | Modern Bride..212.98 | Modern Bride..227.39 | Modern Bride..228.97 | Texas Monthly 240.80 |
| Travel.....168.68 | Newsweek....178.04 | Newsweek....204.04 | Bride's.....205.31 | New West.....222.91 |
| Golf Digest....157.25 | Time.....178.03 | Time.....197.84 | Newsweek....190.44 | Southern Living.....216.13 |
| Time.....155.79 | Ski.....166.48 | New West.....177.11 | Texas Monthly....185.02 | Newsweek....199.01 |
| Ski.....145.57 | New West.....157.99 | Golf Digest....164.46 | Golf Digest....164.47 | Time.....182.45 |
| Tennis.....142.20 | Golf Digest....148.39 | Bride's.....150.48 | Time.....153.33 | Golf Digest....178.78 |
| Golf.....133.97 | Golf.....144.78 | Ski.....149.41 | Golf.....146.76 | Golf.....151.50 |
| Bride's.....125.95 | Bride's.....143.48 | Golf.....144.36 | Skin Diver....135.93 | Signature.....146.00 |
| Skin Diver....124.49 | Tennis.....128.18 | Skin Diver....122.72 | Signature.....130.61 | Skin Diver....133.07 |
| Outdoor Life...106.47 | Gourmet.....116.51 | Gourmet.....120.61 | Gourmet.....130.25 | Tennis.....123.92 |
| U.S. News....104.41 | Skin Diver....109.11 | Tennis.....117.32 | U.S. News....111.86 | Forbes.....118.39 |
| New West..... 99.02 | U.S. News....103.29 | U.S. News....107.23 | Forbes.....110.36 | U.S. News....114.71 |

*Note–Advertising pages for credit cards and traveler's checks included in 1980 totals.*
*Source: LNA; Newsweek*

skin diver **YOUR NO.1 TRAVEL REVENUE MOTIVATOR!**

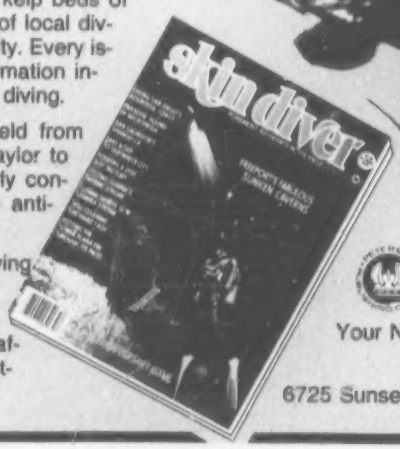
**Foreign Travel:** With every issue Skin Diver magazine describes in detail the very best international dive resort operations including the latest dive hot spots. Among Skin Diver featured locales are the Bahamas, the Caribbean, Mexico, Australia, Micronesia and more!

**Local Diving:** From Florida's reefs to the kelp beds of southern California, Skin Diver's coverage of local diving remains unmatched in content and quality. Every issue features complete dive operation information including marine life, local history and wreck diving.

**Special Features:** The experts in their field from world renowned divers Rod and Valerie Taylor to underwater film maker Al Giddings regularly contribute feature articles on everything from anti-shark armor to environmental issues.

**Plus:** Photography, New Equipment and Diving Technique.

Skin Diver readers are young (29.3 years), affluent ($22,800 median income) and motivated for adventure!




skin diver
Your No. 1 Travel Revenue Motivator!

Petersen Publishing Company
6725 Sunset Blvd., Los Angeles, CA 90028

7-10

## TOP 50 TRAVEL ADVERTISERS* NEWSPAPERS 1980 ($000)

| Advertiser | 1980 | % Change from 1979 |
|---|---|---|
| 1. Delta Airlines | $20,132.9 | +13.3 |
| 2. Eastern Airlines | 19,813.8 | +59.8 |
| 3. Trans World Airlines | 17,427.0 | +59.9 |
| 4. American Airlines | 17,158.3 | +35.1 |
| 5. United Airlines | 16,032.0 | +21.6 |
| 6. Pan American | 11,779.1 | +16.2 |
| 7. World Airways | 5,010.6 | +750.4 |
| 8. Braniff Airlines | 4,981.8 | −36.5 |
| 9. Continental Airlines | 4,688.8 | +7.7 |
| 10. Holland America | 4,555.3 | +50.0 |
| 11. Hertz | 4,483.2 | +8.9 |
| 12. Northwest Airlines | 4,110.9 | +21.7 |
| 13. Republic Airlines | 4,104.0 | +67.2 |
| 14. Cunard | 3,580.2 | +71.9 |
| 15. Western Airlines | 3,246.1 | −38.5 |
| 16. British Airways | 2,614.3 | +33.4 |
| 17. USAir | 2,549.2 | +56.4 |
| 18. Princess Line | 2,504.3 | +14.5 |
| 19. Royal Caribbean Line | 2,420.1 | +148.2 |
| 20. American Express Tours | 2,168.0 | +7.3 |
| 21. Liberty Travel | 2,155.0 | +33.2 |
| 22. Amtrak | 2,115.4 | −46.3 |
| 23. Hughes Airwest | 2,063.0 | −8.3 |
| 24. PSA Airlines | 1,947.5 | +41.6 |
| 25. Sitmar Cruises | 1,840.5 | +22.8 |
| 26. Norwegian Caribbean Line | 1,754.1 | +37.6 |
| 27. Royal Viking Line | 1,646.8 | +64.6 |
| 28. Thomson Vacations | 1,634.3 | +588.1 |
| 29. Frontier Airlines | 1,573.2 | +32.7 |
| 30. Costa Line | 1,571.6 | +16.5 |
| 31. Pleasant Hawaiian Holidays | 1,507.1 | +141.0 |
| 32. Air France | 1,435.8 | +61.7 |
| 33. Home Lines | 1,416.8 | +30.0 |
| 34. May Co. World Travel | 1,400.8 | +29.0 |
| 35. Air Canada | 1,364.3 | +111.5 |
| 36. Mexicana Airlines | 1,361.3 | +52.5 |
| 37. KLM | 1,345.6 | +27.4 |
| 38. Avis | 1,315.2 | −46.9 |
| 39. National Car Rental | 1,172.5 | −4.7 |
| 40. Miller Tours | 1,157.7 | +86.9 |
| 41. Burlington Northern Rail | 1,147.3 | +198.2 |
| 42. Crimson Travel Service | 1,135.8 | +161.6 |
| 43. Air California | 1,072.3 | +71.8 |
| 44. Air Florida | 1,057.4 | +138.0 |
| 45. Commodore Cruise Line | 1,028.5 | +77.7 |
| 46. Piedmont Airlines | 937.9 | −31.3 |
| 47. Singapore Airlines | 933.4 | +140.3 |
| 48. Laker Airways | 924.3 | +511.3 |
| 49. Mr. Travel | 893.9 | +10.2 |
| 50. Paquet Cruises | 878.5 | +25.9 |

**TOTAL: $195,147.7 or 51.6% of all newspaper travel advertising.**

**Figures for hotels, motels, resorts and credit cards not available.*
*Source: Media Records*

7-11

## TOP 50 TRAVEL ADVERTISERS* TELEVISION 1980 ($000)

| Advertiser | 1980 | % Change from 1979 |
|---|---|---|
| 1. American Express | $26,953.7 | +6.3 |
| 2. United Airlines | 20,875.1 | +33.5 |
| 3. Citibank Traveler's Checks | 13,321.6 | +4690.2 |
| 4. American Airlines | 12,005.0 | +14.0 |
| 5. Trans World Airlines | 10,303.5 | −3.2 |
| 6. Holiday Inns | 9,743.6 | −7.2 |
| 7. Eastern Airlines | 8,144.9 | +23.4 |
| 8. Hertz | 6,910.1 | +13.6 |
| 9. MasterCard | 6,789.3 | +18.0 |
| 10. Greyhound | 6,256.6 | +25.6 |
| 11. Visa | 6,222.2 | −4.2 |
| 12. Pan American | 5,752.7 | +7.9 |
| 13. Six Flags Parks | 4,844.9 | n.a. |
| 14. Avis | 4,736.6 | −34.3 |
| 15. Delta Airlines | 4,597.5 | +39.5 |
| 16. Busch Gardens | 3,772.3 | n.a. |
| 17. Amtrak | 3,565.2 | −18.7 |
| 18. Braniff Airlines | 3,453.8 | +924.9 |
| 19. Hilton Hotels | 3,351.6 | +8.9 |
| 20. Sheraton Hotels | 3,209.3 | +44.5 |
| 21. Sea World | 3,183.7 | n.a. |
| 22. National Car Rental | 3,174.1 | +19.0 |
| 23. Ramada Inns | 2,564.5 | +1.7 |
| 24. Budget Rent-a-Car | 2,438.0 | −1.0 |
| 25. Trailways | 2,373.0 | −45.8 |
| 26. USAir | 2,141.7 | −38.1 |
| 27. British Airways | 2,089.9 | +154.2 |
| 28. Marriott Parks | 2,034.6 | n.a. |
| 29. Carte Blanche | 1,972.3 | n.a. |
| 30. Continental Airlines | 1,957.8 | −43.4 |
| 31. Western Airlines | 1,782.0 | +108.3 |
| 32. New York Tourism | 1,746.1 | −55.3 |
| 33. Disneyworld/ Disneyland | 1,325.7 | n.a. |
| 34. Jamaica Tourism | 1,154.4 | +223.5 |
| 35. Northwest Airlines | 1,132.8 | +142.6 |
| 36. Hyatt Hotels | 1,117.7 | −26.3 |
| 37. Knotts Berry Farm | 1,096.8 | n.a. |
| 38. Mexico Tourism | 934.1 | +167.0 |
| 39. SAS | 873.7 | +99.2 |
| 40. Hughes Airwest | 839.7 | +2.5 |
| 41. Union Pacific | 808.3 | −4.7 |
| 42. Piedmont Airlines | 803.8 | +192.7 |
| 43. PSA Airlines | 772.6 | −38.5 |
| 44. Republic Airlines | 732.7 | −36.3 |
| 45. Florida Tourism | 715.8 | −47.9 |
| 46. Marriott Hotels | 673.9 | −20.2 |
| 47. Quebec Tourism | 615.3 | n.a. |
| 48. Pennsylvania Tourism | 607.6 | n.a. |
| 49. Quality Inns | 551.6 | +1403.0 |
| 50. Princess Cruises | 442.5 | +158.8 |

**TOTAL: $207,466.2 or 94.5% of all television travel advertising.**

*Note–Major U.S. theme parks included in 1980 data.*
**Network and spot.*
*Source: LNA*

7-12

## TOP 50 TRAVEL ADVERTISERS MAGAZINES 1980 ($000)

| Advertiser | 1980 | % Change from 1979 |
|---|---|---|
| 1. American Express | $5,385.4 | +.4 |
| 2. Eastern Airlines | 3,909.6 | +7.8 |
| 3. American Airlines | 3,875.3 | +114.3 |
| 4. Holiday Inns | 3,808.0 | +5.7 |
| 5. Sheraton Hotels | 3,508.1 | +31.7 |
| 6. Canada Tourism | 2,787.8 | +13.8 |
| 7. Bermuda Tourism | 2,446.2 | +10.1 |
| 8. Hyatt Hotels | 2,339.1 | +61.2 |
| 9. Mexico Tourism | 2,162.1 | +92.6 |
| 10. National Car Rental | 2,137.3 | +29.6 |
| 11. United Airlines | 2,013.9 | −5.5 |
| 12. Marriott Hotels | 1,901.8 | +7.5 |
| 13. Trans World Airlines | 1,705.8 | +143.7 |
| 14. Western International | 1,585.0 | −8.2 |
| 15. Bahamas Tourism | 1,537.8 | +24.8 |
| 16. Lufthansa | 1,474.3 | +15.6 |
| 17. British Airways | 1,422.3 | −20.8 |
| 18. Hilton Hotels | 1,340.5 | −7.5 |
| 19. Pan American | 1,316.8 | −46.9 |
| 20. Air New Zealand | 1,292.5 | +102.2 |
| 21. Visa | 1,189.3 | +12.0 |
| 22. Thai International Airlines | 1,151.1 | +2019.9 |
| 23. North Carolina Tourism | 1,150.2 | +25.3 |
| 24. Japan Airlines | 1,107.7 | −8.3 |
| 25. Air France | 1,106.4 | +37.7 |
| 26. Amtrak | 1,104.6 | +203.0 |
| 27. Singapore Airlines | 1,101.2 | −18.0 |
| 28. Club Mediterranee | 1,083.8 | +19.3 |
| 29. Disneyworld | 1,078.0 | +14.6 |
| 30. Las Vegas Tourism | 1,070.0 | +57.7 |
| 31. Playboy Hotels | 1,066.0 | −13.2 |
| 32. Ontario Tourism | 1,031.3 | −19.8 |
| 33. Virgin Islands Tourism | 1,022.3 | +21.2 |
| 34. Swissair | 1,019.7 | −10.0 |
| 35. Norwegian Caribbean Lines | 1,003.1 | +17.6 |
| 36. MasterCard | 942.7 | +90.9 |
| 37. British Tourist Authority | 942.3 | −12.9 |
| 38. Princess Cruises | 920.0 | +38.1 |
| 39. Philippine Airlines | 892.5 | +18.3 |
| 40. Alaska Tourism | 868.0 | +24.2 |
| 41. Delta Airlines | 790.4 | −42.4 |
| 42. Alitalia | 779.6 | +68.0 |
| 43. Best Western | 753.4 | +18.9 |
| 44. Jamaica Tourism | 740.7 | +125.9 |
| 45. Sitmar Cruises | 668.8 | +7.7 |
| 46. Air Canada | 636.4 | +98.5 |
| 47. Carte Blanche | 574.1 | +166.4 |
| 48. Ireland Tourism | 569.7 | +8.6 |
| 49. KLM | 539.0 | −13.9 |
| 50. USAir | 530.9 | −19.5 |

**TOTAL: $75,385.8 or 57.3% of all magazine travel advertising.**

*Source: LNA*

7-13

## TOP 50 TRAVEL ADVERTISERS* RADIO 1980 ($000)

| Advertiser | 1980 | % Change from 1979 |
|---|---|---|
| 1. United Airlines | $8,148.9 | +53.1 |
| 2. Delta Airlines | 8,044.5 | +35.4 |
| 3. American Airlines | 7,977.4 | +125.3 |
| 4. Continental Airlines | 5,738.0 | −1.0 |
| 5. Eastern Airlines | 5,342.1 | +35.5 |
| 6. Amtrak | 4,995.1 | +1167.5 |
| 7. Pan American | 4,850.5 | +109.6 |
| 8. Trans World Airlines | 4,637.0 | +35.7 |
| 9. Air Canada | 2,830.1 | +669.5 |
| 10. American Express | 2,557.0 | +379.2 |
| 11. Republic Airlines | 2,399.1 | +84.5 |
| 12. Greyhound | 2,363.7 | +93.8 |
| 13. Northwest Airlines | 1,894.7 | +17.2 |
| 14. Piedmont Airlines | 1,820.2 | +74.4 |
| 15. Hughes Airwest | 1,706.3 | +10.0 |
| 16. Western Airlines | 1,559.6 | −43.7 |
| 17. Sabena Airlines | 1,381.6 | +3881.6 |
| 18. Bahamas Tourism | 1,344.1 | +266.4 |
| 19. Ozark Airlines | 1,331.4 | +3.5 |
| 20. World Airways | 1,329.0 | +386.6 |
| 21. USAir | 1,264.0 | +68.4 |
| 22. MasterCard | 1,216.4 | −51.0 |
| 23. PSA Airlines | 1,113.3 | +11.1 |
| 24. Canada Tourism | 1,086.7 | −21.3 |
| 25. Best Western | 1,081.4 | +29.2 |
| 26. Busch Gardens | 1,041.6 | −18.8 |
| 27. Travelodge | 1,007.7 | +15.4 |
| 28. Rodeway Inns | 816.6 | n.a. |
| 29. Las Vegas Tourism | 791.2 | +50.8 |
| 30. Avis | 773.7 | +215.0 |
| 31. Michigan Tourism | [illegible]2.7 | +14.2 |
| 32. Lufthansa | 658.5 | +57.6 |
| 33. Southwest Airlines | 642.3 | −8.8 |
| 34. Ontario Tourism | 612.8 | +27.5 |
| 35. Harrah's Hotel | 602.5 | +39.5 |
| 36. Hyatt Hotels | 601.3 | +44.4 |
| 37. Air California | 592.5 | +125.9 |
| 38. KLM | 554.1 | +163.6 |
| 39. Marriott Parks | 508.6 | +34.6 |
| 40. Mexico Tourism | 476.1 | +365.9 |
| 41. Qantas Airlines | 456.4 | +4563.0 |
| 42. Germany Tourism | 446.3 | +31.1 |
| 43. Air Jamaica | 438.5 | +55.4 |
| 44. Transamerica Airlines | 386.1 | +50.4 |
| 45. Swissair | 343.7 | +29.3 |
| 46. Sands Hotels | 336.4 | n.a. |
| 47. Sea World | 329.4 | −24.8 |
| 48. Diners Club | 324.6 | +157.4 |
| 49. Canadian Pacific Airlines | 309.5 | +178.1 |
| 50. Pennsylvania Tourism | 308.6 | +545.6 |

**TOTAL: $92,123.8 or 92.9% of all radio travel advertising.**

**Network and spot.*
*Source: Radio Expenditure Reports; LNA*

7-14

## TOP 50 TRAVEL ADVERTISERS OUTDOOR 1980 ($000)

| Advertiser | 1980 | % Change from 1979 |
|---|---|---|
| 1. Holiday Inns | $1,933.2 | +52.9 |
| 2. Eastern Airlines | 1,910.7 | +4.8 |
| 3. Delta Airlines | 1,311.6 | +1.0 |
| 4. Texas International Airlines | 1,023.7 | +112.0 |
| 5. Hilton Hotels | 931.3 | +41.8 |
| 6. Howard Johnson | 844.9 | +7.0 |
| 7. Caesar's World | 764.9 | +245.5 |
| 8. Del Webb | 704.8 | +21.4 |
| 9. Hughes Hotels | 656.8 | +38.8 |
| 10. American Airlines | 564.6 | +82.8 |
| 11. Sheraton Airlines | 540.7 | +1.6 |
| 12. Ramada Inns | 483.4 | +14.4 |
| 13. Ozark Airlines | 456.8 | +32.2 |
| 14. MGM Grand | 380.5 | +6.6 |
| 15. USAir | 359.1 | +9.0 |
| 16. PSA Airlines | 356.0 | +10.6 |
| 17. Best Western | 353.9 | +13.9 |
| 18. Continental Airlines | 333.3 | −23.7 |
| 19. Southwest Airlines | 330.2 | +28.0 |
| 20. Hughes Airwest | 295.5 | −31.2 |
| 21. Piedmont Airlines | 273.4 | −39.3 |
| 22. United Airlines | 269.9 | +70.0 |
| 23. Days Inns | 250.3 | +4.6 |
| 24. Hyatt Hotels | 231.6 | +89.1 |
| 25. Quality Inns | 215.4 | −6.8 |
| 26. Sea World | 208.2 | n.a. |
| 27. Pan American | 207.5 | +15.3 |
| 28. Riviera Hotel | 193.4 | +94.6 |
| 29. Braniff Airlines | 182.9 | −28.5 |
| 30. Marriott Hotels | 180.8 | +28.9 |
| 31. KLM | 130.7 | −15.0 |
| 32. Air California | 122.4 | −20.8 |
| 33. Busch Gardens | 127.2 | n.a. |
| 34. Omni International Hotels | 113.1 | +423.6 |
| 35. Rodeway Inns | 112.6 | +28.5 |
| 36. British Caledonian Airways | 107.7 | n.a. |
| 37. Fitzgerald's/Reno | 106.2 | −11.9 |
| 38. Republic Airlines | 101.3 | −86.0 |
| 39. Dunes Hotel | 94.7 | −10.9 |
| 40. Red Roof Inns | 92.2 | +94.5 |
| 41. Utah Tourism | 79.9 | +9.0 |
| 42. Heavenly Valley Tahoe | 77.5 | +2.5 |
| 43. Travelodge | 75.3 | −12.5 |
| 44. Kampgrounds of America | 72.9 | −6.7 |
| 45. Motel 6 | 70.2 | +8.3 |
| 46. Western Airlines | 66.9 | −33.6 |
| 47. Air Jamaica | 65.7 | +257.1 |
| 48. Miami Tourism | 61.4 | +134.4 |
| 49. British Airways | 53.6 | −65.4 |
| 50. Hacienda Hotel | 53.4 | +196.3 |

TOTAL: $18,534.2 or 90.7% of all outdoor travel advertising.

*Source: LNA*

7-15

## TOP 50 MAGAZINES IN TRAVEL ADVERTISING REVENUE 1980

| Magazine | Total Revenue ($000)* |
|---|---|
| 1. Time | $16,515 |
| 2. Newsweek | 12,829 |
| 3. Business Week | 9,780 |
| 4. New Yorker | 8,137 |
| 5. Travel & Leisure | 7,597 |
| 6. National Geographic | 6,600 |
| 7. Sunset | 5,727 |
| 8. U.S. News & World Report | 4,542 |
| 9. Southern Living | 4,509 |
| 10. Sports Illustrated | 3,252 |
| 11. People | 2,832 |
| 12. Golf Digest | 2,831 |
| 13. Fortune | 2,766 |
| 14. Readers' Digest | 2,745 |
| 15. Travel/Holiday | 2,737 |
| 16. New York Magazine | 2,570 |
| 17. Better Homes and Gardens | 2,354 |
| 18. Smithsonian | 2,349 |
| 19. Bride's | 2,144 |
| 20. Modern Bride | 2,084 |
| 21. Forbes | 2,014 |
| 22. Golf | 1,680 |
| 23. New West | 1,563 |
| 24. Playboy | 1,459 |
| 25. Texas Monthly | 1,417 |
| 26. TV Guide | 1,310 |
| 27. Gourmet | 1,173 |
| 28. Signature | 1,128 |
| 29. Family Circle | 948 |
| 30. Tennis | 915 |
| 31. Scientific American | 857 |
| 32. Vogue | 800 |
| 33. Ebony | 797 |
| 34. Town & Country | 672 |
| 35. Field & Stream | 645 |
| 36. Outdoor Life | 621 |
| 37. Woman's Day | 613 |
| 38. Skin Diver | 582 |
| 39. Glamour | 574 |
| 40. House & Garden | 538 |
| 41. Cosmopolitan | 528 |
| 42. Book Digest | 511 |
| 43. Money | 494 |
| 44. Good Housekeeping | 480 |
| 45. Natural History | 461 |
| 46. Dun's Review | 420 |
| 47. Architectural Digest | 418 |
| 48. Redbook | 399 |
| 49. Saturday Review | 380 |
| 50. Essence | 359 |

**Includes airline, rail, ship, bus, car rental, travel services, traveler's check, credit card, hotel, and institutional resort advertising.*
*Source: LNA; Newsweek*

# ECONOMIC INDICATORS

The tables and charts in this section trace some of the measures of U.S. and worldwide economic activity. This past year of oscillation between recovery and recession involved not only the domestic economy but carried significant international implications as well. While economists and government officials debated the length and depth of the recession, travel marketers and others faced their own ongoing economic decision-making. To aid in following the fluctuations of the economy and indicators of change, we have included here definitions of some key economic terms as well as a sampling of the available economic data.

## Definitions

*Gross National Product (GNP)* – The total market value of all goods and services produced by a nation during a given period of time.

*Real Gross National Product* – GNP adjusted for price changes, i.e., the total output of goods and services valued at the market prices of an earlier base year.

*Gross Domestic Product* – GNP after minor adjustments for aid flows and other international payments.

*GNP Deflator* – The ratio of current dollar GNP to the corresponding constant dollar (or real) GNP. It represents a weighted average of the component price indexes, with the weights changing every period to reflect changes in price and composition of output.

*Consumer Price Index* – A fixed weighted price index that measures the monthly price change of a constant market basket of goods and services purchased by urban wage earners in various locations throughout the United States.

*Consumption Deflator* – Ratio between consumption expenditures at current prices and consumption expenditures expressed in dollars of an earlier base period.

*Index of Leading Economic Indicators* – Composite index of twelve individual components that tend to rise or fall in advance of economic activity as a whole, such as average work week in manufacturing, contracts for new plant and equipment, changes in business inventories, volume of new orders, prices of raw materials, changes in the money supply, etc.

8-01

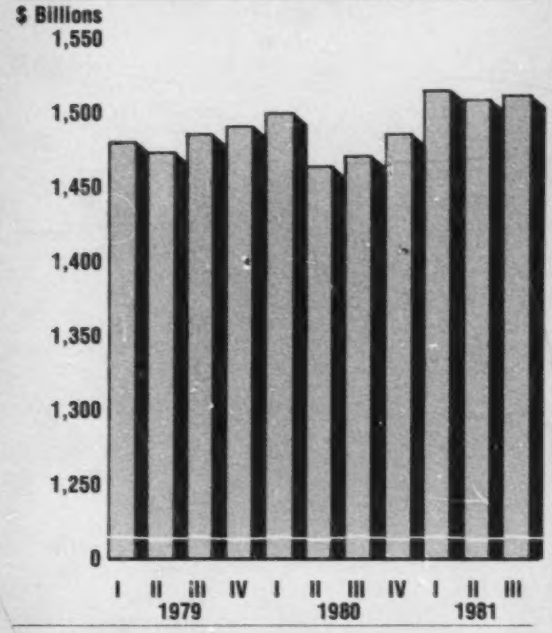
### U.S. ECONOMIC PERFORMANCE

| | Actual | | Government Forecast* | | Private Forecast Wharton** | |
|---|---|---|---|---|---|---|
| | 1979 | 1980 | 1981 | 1982 | 1981 | 1982 |
| | Billions of Dollars | | | | | |
| **Gross National Product** | | | | | | |
| Current Dollars | 2,414 | 2,626 | 2,951 | 3,296 | 2,921.9 | 3,189.1 |
| 1972 Dollars | 1,483 | 1,481 | 1,519 | 1,570 | 1,509.1 | 1,516.4 |
| **Incomes** | | | | | | |
| Personal Income | 1,944 | 2,160 | 2,401 | 2,677 | 2,401.7 | 2,622.3 |
| Wages and Salaries | 1,236 | 1,344 | 1,495 | 1,668 | 1,480.5 | 1,595.3 |
| Corporate Profits Before Taxes | 255 | 246 | 246 | 266 | 236.9 | 245.3 |
| | Percent Change from Preceding Year | | | | | |
| **GNP, Current Dollars** | | | | | | |
| Annual Average | 12.0 | 8.8 | 12.4 | 11.7 | 11.26 | 9.14 |
| Fourth Quarter | 9.9 | 9.4 | 11.8 | 12.9 | 7.65 | 12.79 |
| **GNP, 1972 Dollars** | | | | | | |
| Annual Average | 3.2 | −.2 | 2.6 | 3.4 | 1.92 | 0.48 |
| Fourth Quarter | 1.7 | −.3 | 2.5 | 5.2 | −1.77 | 3.79 |
| **GNP Deflator** | | | | | | |
| Annual Average | 8.5 | 9.0 | 9.6 | 8.0 | 9.16 | 8.59 |
| Fourth Quarter | 8.1 | 9.8 | 9.1 | 7.3 | 9.59 | 8.68 |
| **Consumer Price Index** | | | | | | |
| Annual Average | 11.4 | 13.5 | 9.9 | 7.0 | 10.38 | 8.24 |
| Fourth Quarter | 12.8 | 12.6 | 8.6 | 6.2 | 9.62 | 7.83 |
| **Unemployment Rate** | | | | | | |
| Annual Average | 5.8 | 7.2 | 7.5 | 7.3 | 7.52 | 8.73 |

**Estimate prepared in July 1981 for Mid-Session Review of the 1982 Budget, Office of Management and Budget.*
***Wharton Econometric Forecasting Associates, Quarterly Forecast, October 31, 1981.*
*Source: U.S. Department of Commerce, Bureau of Economic Analysis; Wharton Econometric Forecasting Associates*

8-02

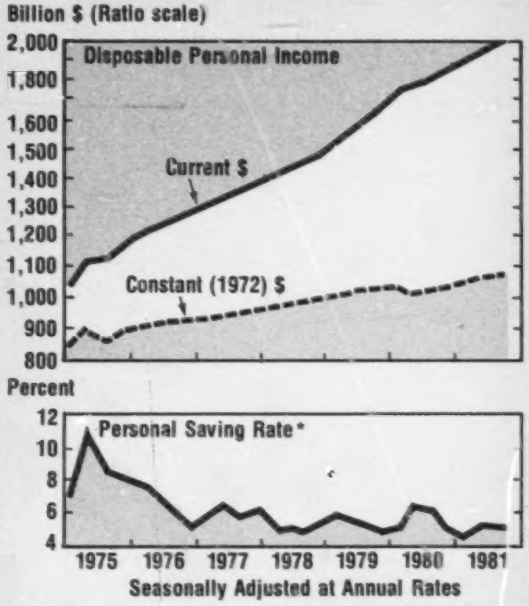
## REAL GROSS NATIONAL PRODUCT
(Billions of 1972 Dollars*)




*Seasonally adjusted at annual rates.
Source: Department of Commerce, Bureau of Economic Analysis

8-04

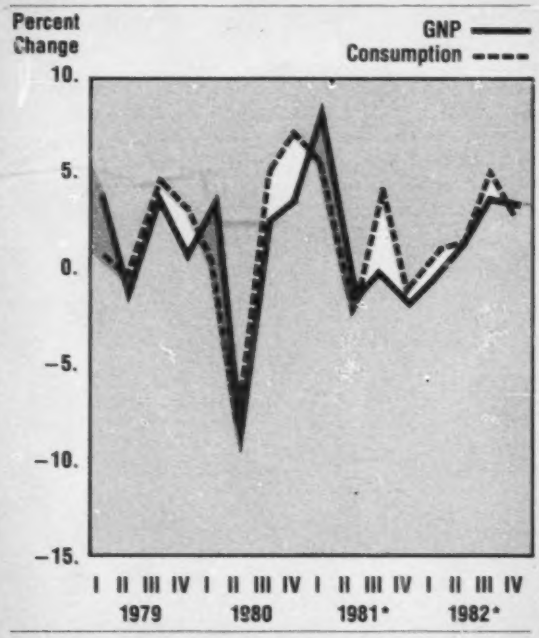
## DISPOSABLE PERSONAL INCOME AND PERSONAL SAVING RATE




*Personal saving as a percentage of disposable personal income
Source: U.S. Department of Commerce

8-03

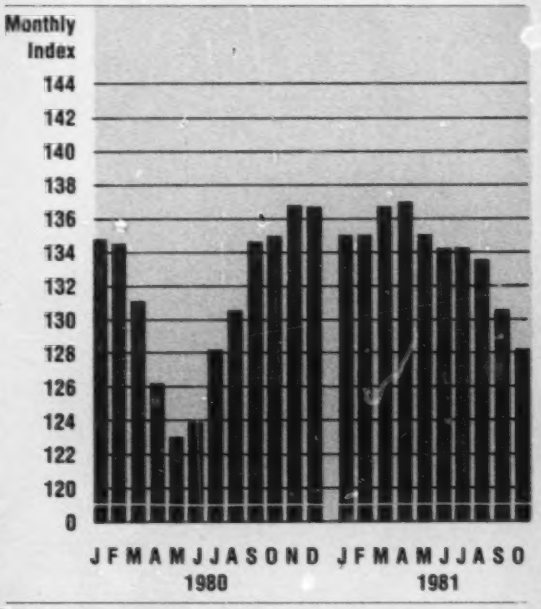
## GROSS NATIONAL PRODUCT AND CONSUMPTION




*Estimated data for fourth quarter of 1981 and 1982.
Source: Wharton Econometric Forecasting Associates, Quarterly Forecast, October 31, 1981

8-05

## INDEX OF LEADING ECONOMIC INDICATORS* (1967=100)




* Composite index of twelve individual components that tend to rise or fall in advance of overall economic activity.
Source: U.S. Department of Commerce

8-06

## RECENT EXCHANGE RATES
(National Currencies Per U.S. Dollar)

| Country | Monetary Unit | Official Rate 11/3/80 | 6/1/81 | 11/1/81 |
|---|---|---|---|---|
| Canada | Dollar* | .85 | .83 | .84 |
| Mexico | Peso | 22.99 | 25.00 | 25.60 |
| Japan | Yen | 211.00 | 220.00 | 223.00 |
| Austria | Schilling | 13.60 | 16.25 | 15.75 |
| Belgium | Franc | 30.80 | 38.30 | 41.79 |
| Denmark | Krone | 5.92 | 7.21 | 7.20 |
| Finland | Markka | .27 | .23 | 4.34 |
| France | Franc | 4.42 | 5.52 | 5.65 |
| Germany | Mark | 1.92 | 2.29 | 2.24 |
| Greece | Drachma | 43.50 | 55.56 | 55.56 |
| Holland | Guilder | 2.08 | 2.55 | 2.24 |
| Italy | Lira | 908.00 | 1140.00 | 1195.00 |
| Norway | Krone | 5.00 | 5.67 | 5.50 |
| Portugal | Escudo | 51.02 | 60.61 | 66.67 |
| Spain | Peseta | 75.50 | 90.00 | 95.70 |
| Sweden | Krone | 4.28 | 4.90 | 5.51 |
| Switzerland | Franc | 1.72 | 2.04 | 1.78 |
| United Kingdom | Pound* | 2.44 | 2.09 | 1.90 |

**Quoted in U.S. dollars per unit.*
*Source: Deak – Perera, Fifth Avenue, Inc.*

8-07

## INFLATION TRENDS: PRIVATE CONSUMPTION DEFLATORS
(Annual Percent Change)

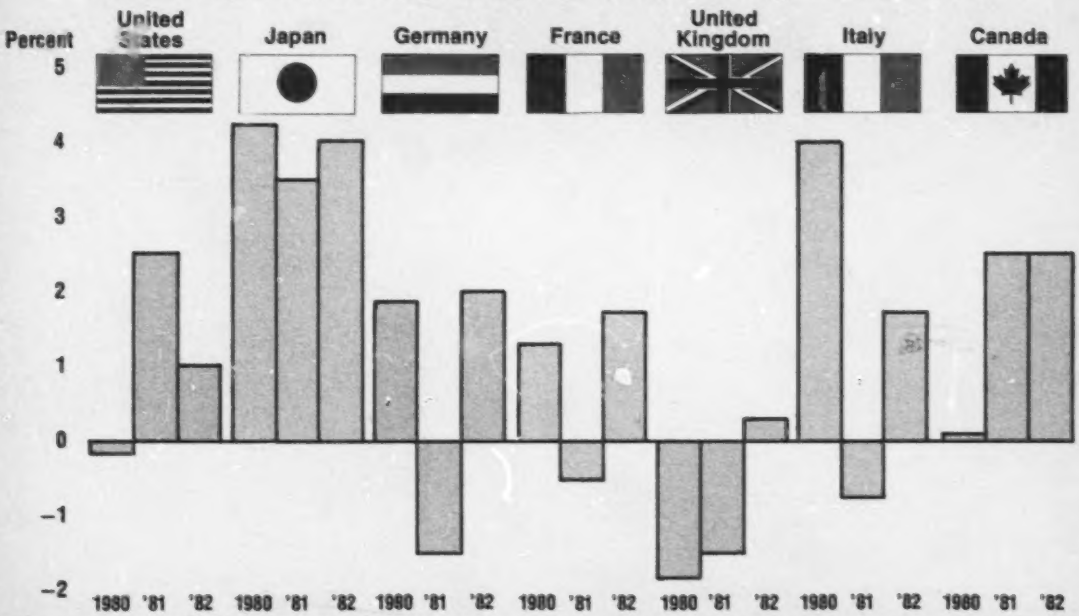
| | Actual 1979 | 1980 | 1981 | Forecast 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|
| United States | 8.9 | 10.2 | 8.3 | 8.2 | 7.8 | 7.9 |
| Canada | 9.1 | 10.5 | 13.1 | 12.0 | 9.9 | 9.3 |
| Japan | 3.4 | 7.1 | 5.4 | 4.9 | 4.0 | 3.9 |
| Europe | 12.5 | 17.9 | 17.0 | 15.3 | 12.6 | 12.5 |
| EEC Countries | 9.4 | 12.7 | 12.4 | 12.2 | 10.8 | 10.3 |
| Belgium | 3.5 | 6.3 | 8.2 | 7.3 | 6.2 | 6.2 |
| Denmark | 9.7 | 11.9 | 7.4 | 7.6 | 7.1 | 6.7 |
| France | 10.3 | 13.2 | 12.7 | 13.9 | 10.8 | 9.4 |
| Germany | 3.9 | 5.4 | 5.8 | 5.4 | 4.9 | 5.1 |
| Greece | 17.4 | 23.5 | 25.2 | 25.2 | 18.8 | 17.8 |
| Ireland | 12.2 | 17.9 | 19.9 | 15.9 | 15.4 | 15.4 |
| Italy | 15.1 | 20.3 | 22.1 | 19.8 | 17.0 | 15.3 |
| Netherlands | 4.6 | 8.4 | 6.8 | 6.3 | 6.1 | 5.7 |
| United Kingdom | 12.3 | 15.5 | 11.5 | 10.7 | 10.9 | 11.2 |
| Other Europe | 21.4 | 31.2 | 27.0 | 21.2 | 15.7 | 16.2 |
| Developed Countries | 10.0 | 13.6 | 12.4 | 11.7 | 10.1 | 10.1 |

*Note: Aggregates obtained by 1979 U.S. dollar private consumption weights. The rate for developed countries in this table is an aggregate of the rates for the individual countries listed above plus the ten countries included under Other Europe, and Australia, New Zealand, and South Africa.*
*Source: Wharton Econometric Forecasting Associates,* World Economic Outlook, *October 1981*

8-08

## REAL ECONOMIC GROWTH

Percent change from previous year in real gross national product/real gross domestic product*




**Computed from 1979 GNP/GDP values expressed in 1979 dollars. Figures for France, United Kingdom, and Italy are calculated on gross domestic product.*
*Source: Based on actual and estimated data from Organization for Economic Co-Operation and Development,* OECD Economic Outlook 1981

# APPENDIX

## GLOSSARY OF TRAVEL TERMS AND ABBREVIATIONS

**AAA** – American Automobile Association. AAA also operates AAA Worldwide Travel, a multibranch retail and wholesale travel agency organization.

**AAR** – Association of American Railroads. The trade association of U.S. railroad companies.

**ABA** – American Bus Association. The national organization of the intercity bus industry.

**ABC** – Advance Booking Charter. Eliminated by the CAB with the introduction of the Public Charter, but the term continues to be used by some foreign governments and people in the trade.

**ABTA** – Association of British Travel Agents.

**ACAP** – Aviation Consumer Action Project. A Ralph Nader organization that promotes consumer interests before Congress, the courts, the CAB, and other governmental agencies dealing with air travel.

**ACTOA** – Air Charter Tour Operators of America. A trade association of charter tour operators.

**AGTE** – Association of Group Travel Executives. A professional organization of executives responsible for the promotion, sale, operation or purchase of group travel programs.

**AH&MA** – American Hotel and Motel Association. A federation of state and regional lodging industry trade associations covering the U.S., Canada, Mexico and Central and South America.

**AITO** – The Association of Incentive Travel Operators. This is a national organization of travel firms whose major service is travel incentive programs for business and industry.

**ALPA** – Air Line Pilots Association.

**ALTA** – Association of Local Transport Airlines. A trade group of U.S. local service airlines.

**AMAV** – Asociacion Mexicana de Agencias de Viajes. An association of Mexican travel agents and tour operators.

**Amtrak** – The name under which the National Railroad Passenger Corporation operates almost all U.S. intercity passenger trains.

**ANTOR** – Assembly of National Tourist Office Representatives. A professional association of New York City-based executives of foreign government tourist offices.

**AOCI** – Airport Operators Council International.

**APEX** – Advance Purchase Excursion.

**ARTA** – Association of Retail Travel Agents. A trade association of American travel retailers.

**ASTA** – American Society of Travel Agents. The leading trade association of U.S. travel agents and tour operators.

**ATA** – Air Transport Association of America. The trade association of U.S. and Canadian (as associate members) scheduled airlines including international, trunk, local service, intra-Hawaiian and intra-Alaskan, helicopter and cargo carriers.

**ATAC** – Air Transport Association of Canada.

**ATC** – Air Traffic Conference. A division of the Air Transport Association entrusted with the establishment of standards and working agreements covering the way the domestic airlines deal with each other and the way that the domestic airline industry as a whole deals with international airlines and other segments of the travel industry including travel agents.

**BTA** – British Tourist Authority. The official government travel promotion agency of Great Britain.

**CAA** – Civil Aviation Authority. The agency which administers British civil aviation with responsibility for route licensing, safety standards and traffic control.

**CAAA** – Commuter Airline Association of America. A trade association of U.S. commuter carriers including non-certified as well as certificated airlines operating aircraft of 60 seats or less. Now known as the Regional Airline Association.

**CAB** – Civil Aeronautics Board. The federal agency which regulates international air commerce to and from the U.S. and U.S. domestic air commerce. The CAB has authority to license air carriers and exercise control over their routes and rates and their dealings with one another, other travel industry segments and the public. Safety is regulated by the Federal Aviation Administration. Under the Airline Deregulation Act of 1978, the CAB's powers are to be phased out or transferred to other government agencies by 1984.

**CATM** – Consolidated Air Tour Manual. A trade catalogue of tours and packages published annually by 18 U.S. and Canadian airlines in three editions.

**CEDOK** – Czechoslovakian Government Travel Organization.

**CGOT** – Canadian Government Office of Tourism. Official travel promotion agency of Canada.

**CHA** – Caribbean Hotel Association.

**CLIA** – Cruise Lines International Association. An organization formed to promote cruising.

**Commuter Airline** – Scheduled carrier unregulated by CAB, limited by law to small aircraft with 60 or fewer seats.

**COTAL** – Confederation of Latin-American Tourist Organizations.

**CTA** – Caribbean Travel Association.

**CTC** – Certified Travel Counselor. A degree attesting to professional competence as a travel agent.

**CTO** – City Ticket Office. A carrier ticket sales office or counter located outside a terminal.

**CTRC** – Caribbean Tourism Research and Development Centre.

**DET** – Domestic Escorted Tour.

**DIT** – Domestic Independent Travel.

**DOT** – Department of Transportation. The U.S. federal agency, headed by a member of the President's Cabinet, charged with developing and implementing policies designed to improve and regulate all domestic and international transportation facilities and organizations.

**DSM** – District Sales Manager.

**ECAC** – European Civil Aviation Conference. An association concerned with facilitating air commerce within Europe.

**ETC** – European Travel Commission. A cooperative agency sponsored by Western Europe governments for the promotion of tourism.

**Eurailpass** – A European railroad pass sold for a flat rate for a specific number of days.

**FAA** – Federal Aviation Administration. The Department of Transportation agency that regulates U.S. civil aviation.

**FET** – Foreign Escorted Tour.

**FGTO** – French Government Tourist Office. The official French agency for the promotion of tourism.

**FIT** – Foreign Independent Travel.

**FIYTO** – Federation of International Youth Travel Organizations.

**FMC** – Federal Maritime Commission.

**GIANTS** – Greater Independent Association of National Travel Services. A sales and marketing cooperative of retail travel agents.

**GIT** – Group Inclusive Tour. A prepaid tour of specific minimum size, ingredients and value.

**GITX** – Group Inclusive Tour Excursion. British and Continental trade vernacular for group inclusive tour or GIT fare.

**GSA** – General Sales Agent. An agency or another airline named by an airline as its sales agent in a specific country or territory.

**HSMA** – Hotel Sales Management Association.

**IACA** – International Air Carrier Association. A trade association of supplemental airlines which operate internationally.

**IACVB** – International Association of Convention and Visitor Bureaus.

**IAMAT** – International Association for Medical Assistance to Travelers. A non-profit organization which maintains a worldwide registry of physicians who speak English and have taken medical training in the U.S., the U.K. or Canada.

**IATA** – *International Air Transport Association. The world trade association of airlines which operate domestic and international services.*

**IATAS** – *Inter-American Travel Agents Society. A trade association of black travel agents.*

**IATC** — *Inter-American Travel Congress.*

**IATM** — *International Association of Tour Managers. A professional society of tour escorts.*

**ICAO** — *International Civil Aviation Organization. An organization of 124 governments which works in relationship with the United Nations to promote the safety of international civil aviation by standardizing technical equipment, services, and training.*

**ICC** — *Interstate Commerce Commission. An independent regulatory agency created by Congress to regulate the surface transportation of common carriers such as railroads and bus companies.*

**ICCA** — *International Congress and Convention Association. A European-based trade association.*

**ICTA** — *Institute of Certified Travel Agents. An organization concerned with developing and administering educational programs for travel agents.*

**IDB** — *Inter-American Development Bank. A lending institution sponsored by the U.S. and other governments charged with financing industries in underdeveloped Western Hemisphere nations.*

**IHA** — *International Hotel Association. A European-based trade association.*

**IIT** — *Individual Inclusive Tour*

**In-Plant Agency** — *A travel agent's sales outlet located on the premises of a company and confined to doing business for that company only.*

**Intourist** — *The USSR government agency for foreign travel.*

**IT** — *Inclusive Tour. A tour in which specific elements are offered for a flat rate.*

**IT Number** — *The code designation on an inclusive tour folder indicating that the tour has been approved by ATC or IATA.*

**ITX** — *Inclusive Tour Excursion. British and Continental usage for an inclusive tour fare.*

**JATA** — *Japan Association of Travel Agents.*

**JNTO** — *Japan National Tourist Organization. The official Japanese agency for the promotion of tourism.*

**Load Factor** — *The ratio, expressed as a percentage, of carrier capacity sold to total capacity offered for sale.*

**MAA** — *Motel Association of America. A confederation of state trade associations of motel operators located in the continental U.S.*

**MCO** — *Miscellaneous Charges Order. A document issued by an airline or its agent requesting the issue of a ticket or provision of services to the person named in the order.*

**NACA** — *National Air Carrier Association. The trade association of U.S. supplemental airlines.*

**NARP** — *National Association of Railroad Passengers. A lobby group promoting the preservation and growth of rail travel.*

**NPTA** — *National Passenger Traffic Association. The trade group representing corporate travel managers.*

**NTBA** — *National Tour Brokers Association. A trade association of U.S. motorcoach tour operators.*

**NTSB** — *National Transportation Safety Board. The agency that develops safety standards for all modes of public transportation and investigates accidents.*

**NYTWA** — *New York Travel Writers Association.*

**OAG** — *Official Airline Guide.*

**OECD** — *Organization for Economic Co-operation and Development. An intergovernmental economic organization with 24 member countries, primarily European, but including the U.S., Canada, Japan, Australia, and New Zealand.*

**Open Rate** — *Refers to a situation in which the IATA airlines have failed to negotiate a uniform rate on certain routes leaving each carrier free to set its own rates.*

**Orbis** — *Polish National Travel Bureau.*

**Package** — *Loosely, any advertised tour. Often, however, a tour to a single destination which includes prepaid transportation, accommodations and some combination of other tour elements – meals, transfers, sightseeing, car rental, etc.*

**PATA** — *Pacific Area Travel Association. An organization of nations interested in promoting tourism throughout the Pacific and Indian Ocean areas.*

**PATCO** — *Professional Air Traffic Controllers Organization. A labor union of FAA traffic control employees.*

**PNR** — *Passenger Name Record. The record of a booking made and stored in a computerized reservation system.*

**PTA** — *Prepaid Ticket Advice. Notification (usually by teletype) from a carrier or agent in one city requesting a carrier in another city to issue prepaid transportation to a specified individual.*

**PTM** — *Passenger Traffic Manager. An employee who makes travel arrangements for other employees of his company.*

**RPM** — *Revenue Passenger Mile. One paying passenger carried one mile, a basic statistical unit in the airline industry.*

**RSM** — *Regional Sales Manager.*

**SATO** — *South American Tourism Organization. An association of nations interested in promoting tourism to South and Central America.*

**SATW** — *Society of American Travel Writers.*

**SITCA** — *Secretaria de Integracion Turistica Centro Americana. A promotional organization of Central American national tourist offices.*

**SNAVB** — *Syndicat National des Agences et Bureaux de Voyages. French Association of Travel Agents.*

**SNCF** — *Societe Nationale des Chemins de fer Francais. The name used in France for the French National Railroads.*

**SPACE** — *Selected Professional Agents Coordinating Enterprises, Inc. A consortium of retail travel agents.*

**Split Charter** — *(1) An aircraft (motorcoach or ship) which has been engaged to perform a specific flight by two or more distinct legal entities. (2) That portion (40 or 60 seats, for example) of an aircraft for a specific flight or flights.*

**SRV** — *Schweizerisches Reiseburo Verband. Swiss Federation of Travel Agents.*

**SST** — *Supersonic Transport. An aircraft capable of operating at a speed exceeding that of sound at an altitude of 45,000 feet.*

**STOL** — *Short Takeoff and Landing. Usually referring to an aircraft with such capabilities.*

**TAPSC** — *Transatlantic Passenger Shipping Conference.*

**TIA** — *Travel Industry Association of America. A non-profit association of companies and government organizations formed to promote travel to and within the United States.*

**TIAC** — *Travel Industry Association of Canada. A trade association embracing the entire range of Canadian travel and transportation and related industries and governmental organizations.*

**Tour** — *Any prearranged (but not necessarily prepaid) journey to one or more places and back to the point of origin.*

**Tour Basing Fare** — *A reduced-rate excursion fare available only to those who buy prepaid tours or packages.*

**Tour Operator** — *A company which creates and/or markets inclusive tours and/or performs tour services and/or subcontracts their performance. Most tour operators sell through travel agents and directly to clients.*

**Transfer** — *Local transportation and porterage, as from a terminal to a hotel.*

**TTRA** — *Travel and Tourism Research Association. A professional society of travel industry market research specialists.*

**TWU** — *Transport Workers Union of America. An AFL-CIO trade union representing many categories of U.S. airline employees but not pilots.*

**UATP** — *Universal Air Travel Plan. The credit card system originally organized by the U.S. domestic airlines but now recognized by all IATA airlines.*

**UFTAA** — *Universal Federation of Travel Agents Associations. A world organization of national travel agents trade associations.*

**UPAV** — *Union Professionelle des Agences de Voyages Belge. Belgian Association of Travel Agents.*

**USA Rail Pass** — *A pass good for rail travel in the U.S., sold for a flat rate for a specified number of days.*

**USTOA** — *United States Tour Operators' Association. A nationwide organization of tour operators.*

**USTS** — *United States Travel Service. The official U.S. Commerce Department agency for the promotion of tourism.*

**Visa** — *An official authorization appended to a passport permitting travel to and within a particular country or region.*

**Visit USA Fares** — *Air tariffs offering visitors to the U.S. reduced fares on domestic travel.*

**Wholesaler** — *A company that usually creates and certainly markets inclusive tours and FITs for sale through travel agents. Often used interchangeably with tour operator, but several distinctions might be drawn: (1) a wholesaler presumably sells nothing at retail; a tour operator often does both. (2) A wholesaler does not always create his own products; a tour operator virtually always does. (3) A wholesaler is less inclined than a tour operator to perform local services.*

**WTO** — *World Tourism Organization. An intergovernmental organization with 102 member states, 2 associate members, and 141 affiliate members.*

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